

**Government of the  
District of Columbia**



**Earl C. Cabbell  
Interim Chief Financial Officer**

---

**Tax Rates and Tax Burdens  
In The District of Columbia -  
A Nationwide Comparison**

**1997**

**Issued July 1998**

**Tax Rates And Tax Burdens In The District of Columbia:  
A Nationwide Comparison**

---

## Table Of Contents

<b>Listing of Major Tables .....</b>	<b>iii</b>
<b>Executive Summary .....</b>	<b>v</b>
<b>Acknowledgment.....</b>	<b>vii</b>
 <b>Part I: Tax Burdens In Washington, D.C., Compared With Those In The Largest City In Each State, 1997</b>	
<b>Overview .....</b>	<b>1</b>
 <b>Chapter I</b>	
How Tax Burdens are Computed for the Largest City in Each State.....	2
Individual Income Tax.....	3
Real Property Tax .....	5
Sales and Use Tax .....	6
Automobile Taxes .....	6
 <b>Chapter II</b>	
Overall Tax Burdens for the Largest City in Each State .....	7
Progressivity .....	7
 <b>Chapter III</b>	
Comparing Specific Tax Burdens for a Family of Four in the Largest City in Each State .....	15
Individual Income Tax.....	15
Real Property Tax .....	17
Sales and Use Tax .....	22
Automobile Taxes .....	24

**Tax Rates And Tax Burdens In The District of Columbia:  
A Nationwide Comparison**

---

Table Of Contents

<b>Chapter IV</b>	How Do Tax Burdens in Washington, D.C., Compare With Those in the Largest City in Each State?.....	27
	Individual Income Tax.....	27
	Real Property Tax .....	28
	Sales Tax.....	29
	Automobile Taxes .....	29
	Summary.....	29
<b>Chapter V</b>	Why Do Tax Burdens Differ from One City to Another? .....	31

**Part II: A Comparison of Selected Tax Rates In The District of Columbia  
With Those In The 50 States As of January 1, 1998**

Overview .....	35
Office Locations And Telephone Numbers .....	55

## Listing of Major Tables

---

Part I:	<b>Tax Burdens In Washington, D.C., Compared With Those In The Largest City In Each State, 1997</b>	
<b>Table 1</b>	Estimated Burden of Major Taxes for a Family of Four, 1997.....	8
<b>Table 2</b>	Index of Progressivity for the Tax System of the Largest City in Each State .....	14
<b>Table 3</b>	Percentage of Income Tax Burdens in the Largest Cities by Type of Income Tax for a Family of Four, 1997.....	18
<b>Table 4</b>	Residential Property Tax Rates in the Largest City in Each State, 1997.....	19
<b>Table 5</b>	Factors Used in Housing Value Assumptions, 1997 .....	20
<b>Table 6</b>	Cities Which Allow Exemptions or Reduced Rates in the Calculation of Real Estate Taxes for Homeowners, 1997.....	21
<b>Table 7</b>	State and Local General Sales Tax Rates in Each of the 51 Cities as of December 31, 1997 .....	23
<b>Table 8</b>	Gasoline Tax Rates in the 51 Cities as of December 31, 1997.....	25
<b>Table 9</b>	Summary of Types of Automobile Registration Taxes, 1997.....	26
<b>Table 10</b>	Automobile Tax Assumptions, 1997.....	26
<b>Table 11</b>	Tax Burdens in Washington, D.C. Compared with the Average for the Largest City in Each State by Income Class, 1997 .....	30
<b>Table 12</b>	The Largest City in Each State .....	33

## Listing of Major Tables

---

Part II:	<b>A Comparison of Selected Tax Rates In The District of Columbia With Those In The 50 States: As of January 1,1998</b>	
<b>Table 13</b>	Comparison of Selected State Tax Rates .....	35
<b>Table 14</b>	Individual Income Tax Washington Metropolitan Area .....	36
<b>Table 15</b>	Individual Income Tax: 43 States and District of Columbia as of January 1, 1998.....	37
<b>Table 16</b>	Characteristics of State Individual Income Taxes.....	41
<b>Table 17</b>	State Corporation Income Tax Rates.....	43
<b>Table 18</b>	State Gross Premiums Tax Rates on Foreign Life Insurers.....	44
<b>Table 19</b>	State General Sales and Use Tax Rates.....	45
<b>Table 20</b>	State Beer Tax Rates.....	46
<b>Table 21</b>	State Light Wine Tax Rates.....	47
<b>Table 22</b>	State Distilled Spirits Tax Rates .....	48
<b>Table 23</b>	State Cigarette Tax Rates.....	49
<b>Table 24</b>	Motor Fuel Tax Rates .....	50
<b>Table 25</b>	Motor Vehicle Sales and Excise Taxes .....	51
<b>Table 26</b>	State Motor Vehicle Registration Fees .....	52
<b>Table 27</b>	State Real Estate Deed Recordation and Transfer Tax Rates .....	53
<b>Table 28</b>	Types of State Inheritance and Estate Taxes.....	54

## EXECUTIVE SUMMARY

State and local tax systems in the United States are widely diverse. The 50 states and the District of Columbia employ a broad range of taxes and fees to fund state and local government operations. The combination of taxes and fees utilized by a particular jurisdiction is dependent upon many factors, including revenue needs, the tax base of the local government, the fiscal relationship between the state and local governments, constitutional limitations in some states, and the level of local government services demanded by residents.

The District's tax structure includes taxes typically imposed by local governments, such as real and personal property taxes, deed taxes, water and sewer charges, and others. At the same time, the District's tax base also includes taxes usually associated with the state level of government, such as the individual and corporate income taxes, sales and use taxes, excise taxes and motor vehicle-related taxes. About two-thirds of the District's locally generated revenues come from taxes usually administered by a state.

Although the District has both these state and local fiscal features, the actual tax structure is not complemented by the typical state or local economic base. There are many examples, such as:

- Manufacturing, an important industry in the economic and tax bases of many major cities, is largely lacking in the District.
- Unlike every state in the nation that has an income tax, Washington, D.C., does not have the authority to tax nonresident income earned within its borders. Nonresidents earn about 2/3 of all income in the District of Columbia.
- About 43 percent of all property value in the District is exempt from property taxation due to the federal and diplomatic presence (28 percent) as well as other tax-exempt properties (15 percent).
- About 17 percent of sales are not subject to sales and use tax in the District due to military and diplomatic exemptions.
- The District has a relatively high percentage of low-income taxpayers, which further limits the District's revenue-raising capacity.

Despite these tax base limitations, the District of Columbia funds most of the functions usually provided by state and local levels of government. The non-municipal functions include responsibility for welfare programs, physical and mental health care and maintenance of the public education system -- including a "state" university.

To provide an adequate level of funding for these state and local responsibilities given the limited tax base, the District's tax rates often are higher than those in the states. Data from the U.S. Bureau of the Census indicate that in 1991, the District's overall per capita tax collections were higher than those of 49 states. For some tax types, however, the District's taxes are lower than most states.

The state and local tax rates for different types of taxes vary among jurisdictions. For example, all 51 cities in this study levy a tax on real property located within the city, yet effective tax rates range from a high of \$3.91 per \$100 of assessed value in Newark, New Jersey to \$0.39 per \$100 of assessed value in Honolulu, Hawaii. In addition, several jurisdictions allow tax exemptions and credits in the calculation of the real property tax. The District of Columbia has a \$30,000 homestead deduction for owner-occupied residences as well as other credits.

Residents in 46 of the 51 cities studied are subject to some form of sales and use tax. The highest sales tax rates are found in New Orleans and Chicago. The lowest sales tax rates are paid by residents of Honolulu, Hawaii, and Virginia Beach, Virginia.

All 51 cities in this study levy some type of automobile registration fee or tax -- usually either a flat rate per vehicle or an excise tax based upon the value of the vehicle. In addition, personal property taxes are levied in 16 of the cities.

Residents of 44 of the 51 cities in this study are subject to some type of individual income tax at the state and/or local levels. There are several types of individual income tax systems, including graduated state and local rates, graduated state and flat local rates, flat state and local rates, state tax rates as a percent of federal income tax liability, graduated state tax rates and flat state rates with exemptions.

No single pattern of taxation characterizes a high tax burden or a low tax burden city. Details concerning the various taxes levied and why the tax burdens differ from one jurisdiction to another are presented in this publication. Part I of this publication compares tax burdens in the District of Columbia with those of the largest city in each state. Part II of this publication contains a compendium of tables which illustrate the effective tax rates in the District of Columbia and the 50 states for 13 different types of taxes.

## ACKNOWLEDGMENT

Each year the Tax and Economic Policy Administration, Office of Tax and Revenue, of the District of Columbia publishes several reports which provide information to the citizens and taxpayers of the District of Columbia. The reports contain information about the rates and burdens of major taxes in the District of Columbia as compared with states and other large cities in the United States.

This publication contains two reports: (I) Tax burdens in Washington, D.C., Compared with Those in the Largest City in Each State, 1997 and (II) A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States: A Compendium of Tables. This information is requested annually by committees of the U.S. Congress and the District of Columbia Council and is provided pursuant to Public Law 93-407.

Questions and comments concerning these publications should be addressed to: Edward W. Wyatt, Tax Research Specialist, Tax and Economic Policy Administration, Office of Tax and Revenue, Room 8704, 941 North Capitol Street, N.E., Washington, DC 20002, telephone (202) 442-6422.

Our appreciation is extended to the many state and local officials who reviewed draft reports. Their cooperation in providing information and their helpful suggestions make this publication possible. We would also like to extend a special thanks to the Federation of Tax Administrators (FTA) for their assistance in compiling the state tax rate comparison in Part II of this publication.

Natwar M. Gandhi  
Deputy Chief Financial Officer  
Office of Tax and Revenue  
July 1998

Julia Friedman, Ph. D.  
Director  
Tax and Economic Policy Administration  
Office of Tax and Revenue  
July 1998

## **Part I**

**Tax Burdens In Washington, D.C.,  
Compared With Those In  
The Largest City In Each State**

**1997**

---

# OVERVIEW

State and local tax systems in the United States are widely diverse. The 50 states and the District of Columbia employ a broad range of taxes and fees to fund state and local government operations. The combination of taxes and fees utilized by a particular jurisdiction is dependent upon many factors, including revenue needs, the tax base of the local government, the fiscal relationships between state and local government, constitutional and legal limitations on the powers of taxation, taxpayer demand for government services, and other factors.

A "tax burden" is a measure of the tax paid by a taxpayer under a specified set of conditions. This study defines a specified set of conditions and computes corresponding tax burdens in 51 different jurisdictions. These tax burdens are then compared. Useful information and insights can be gleaned from such a comparison. In evaluating or interpreting these comparisons, however, consideration should be given to any circumstances specific to each jurisdiction, which may affect tax burdens. Such circumstances can include greater local demand for services, greater local costs of producing services, and the use of revenue sources other than taxes to finance certain services.

This study compares tax burdens in 51 different locations **for a hypothetical family of four**. The major state and local tax burdens for the family in the District of Columbia are compared with those in the largest city in each state. It must be emphasized that these burden comparisons reflect the assumptions used in their computation. For this reason it is important to study the methodology used in the report before drawing conclusions about the relative levels of taxation in each of the cities.

As in past years, readers are advised not to compare the hypothetical tax burdens across years; any number of small changes in state and/or local tax policy or in the assumptions of the study could result in misleading information under such comparisons. The purpose of the study remains to compare tax burdens on a hypothetical household in different jurisdictions in a specific year, and not over time.

# CHAPTER I

## How Tax Burdens Are Computed For The Largest City In Each State

---

The state and local tax liability of an individual taxpayer varies from one jurisdiction to another across the United States. While obvious to many, the extent of these differences in state and local tax burdens across the country may not be fully recognized.

States and local jurisdictions differ in many aspects of their taxing systems. The relationship of state taxes to federal tax law is one of several factors causing differences in tax burdens from one state to another. Other differences reflect decisions by state and local governments on what should and should not be subject to tax. For example, several states do not levy an individual income tax, although for many others it represents a major source of state funding. Tax burdens also differ because some states can shift a larger portion of governmental costs to business and may be able to "export" some of their tax burden. This was once true for energy producing states, several of which have been forced to broaden the bases of their taxes because of the long-term decline in real energy prices.

This report compares the state and local tax burdens of hypothetical households in Washington, D.C., with the burden for the largest city in each of the 50 states for 1997. The four major taxes used in the comparison are the individual income tax, real property tax on residential property, general sales and use tax, and automobile taxes, including the gasoline tax, registration fees, excise tax and personal property tax. This study does not incorporate the effects of differing local tax burdens on the federal individual income tax burden. Income and property taxes are deductible in computing federal income taxes and the effect of federal deductibility is to reduce the overall difference in tax burdens between jurisdictions.

All tax burdens reflect state and local tax rates, and the tax burdens are compared for a hypothetical family that consists of two wage-earning spouses and two school-age children. The gross family income levels used are \$25,000, \$50,000, \$75,000, \$100,000 and \$150,000. The wage and salary split is assumed to be 70-30 between the two spouses. All other income is assumed to be split evenly. The family at each income level is assumed to own a single family home and to reside within the confines of the city. All wage and salary income is further assumed to have been earned in the city. The particular assumptions used in the calculation of each major tax type are indicated on the following pages.

## Individual Income Tax

The five income levels used in this study are divided between wage and salary income and other types of income as follows:

<b>Gross Income</b>		<b>Long-Term Wages And Salaries</b>	<b>Interest</b>	<b>Capital Gains 1/</b>	<b>1997 Federal AGI</b>
\$ 25,000	Spouse 1	\$17,200	\$ 200	0	\$ 25,000
	Spouse 2	7,400	200	0	
\$ 50,000	Spouse 1	\$34,000	\$ 500	0	\$ 50,000
	Spouse 2	15,000	500	0	
\$ 75,000	Spouse 1	\$49,000	\$1,000	\$1,500	\$ 75,000
	Spouse 2	21,000	\$1,000	1,500	
\$100,000	Spouse 1	\$65,000	\$1,500	\$2,000	\$100,000
	Spouse 2	28,000	1,500	2,000	
\$150,000	Spouse 1	\$97,500	\$2,500	\$2,750	\$150,000
	Spouse 2	42,000	2,500	2,750	

1/ Assumes a three-year holding period

---

Because several states allow the deduction of all or part of an individual's federal income tax liability in computing the state income tax, it is necessary to compute the 1997 federal individual income tax at each income level using the above assumptions. Interest and long-term capital gains were fully taxable at the federal level at the time period used for this report

Many states in 1997 allowed taxpayers to begin their state income tax computations with federal adjusted gross income (A.G.I.) or federal taxable income. Other states do not use either of these two measures of federal income as a starting point.

Total itemized deductions, which were also used in the federal tax computation, were assumed to be equal to the following:

Deduction	Gross Income Level				
	\$ 25,000	\$ 50,000	\$ 75,000	\$100,000	\$150,000
Medical (Gross)	1,000	1,800	2,500	3,500	5,000
Nondeductible Medical	<u>-1,875</u>	<u>-3,750</u>	<u>-5,625</u>	<u>-7,500</u>	<u>-11,200</u>
Net Medical Deduction 1/	0	0	0	0	0
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest 3/	2,000	4,100	5,600	7,000	10,800
Contribution Deduction	700	1,500	2,200	3,000	4,600
Gross Miscellaneous	500	800	1,200	1,500	2,000
Nondeductible 4/	<u>-500</u>	<u>-1,000</u>	<u>-1,500</u>	<u>-2,000</u>	<u>-3,000</u>
Net Miscellaneous Deduction	0	0	0	0	0
<b>Total Deduction 5/</b>	<b>2,700</b>	<b>5,600</b>	<b>7,800</b>	<b>10,000</b>	<b>15,400</b>

- 1/ Nondeductible medical equals 7.5 percent of federal A.G.I. All or part of medical deductions may be allowed in some states.
- 2/ Tax deduction based on real and personal property taxes computed in this study and individual income taxes computed in 1996 study.
- 3/ Non-mortgage interest is not deductible on federal returns.
- 4/ Nondeductible miscellaneous equals 2 percent of A.G.I.
- 5/ Total does not include deduction amounts for property and income taxes.

The above itemized deductions are used in the calculation of the 1997 tax burdens. The 1997 deductible real and personal property taxes computed in the current year's 51-city burden study are used for the 1997 property tax deduction. For the 1997 state and local individual income tax deduction, 1996 data were used as a proxy. These figures were used in computing the 1997 federal income tax burden for residents of each city as well as for the state and local tax burdens where appropriate. For those states not allowing their own state income tax as a deduction, it is not included in itemized deductions.

The use of a hypothetically computed tax burden for itemized deductions for the individual income tax and the real property tax, even if from a previous year, should provide a more realistic income tax burden than the use of a single flat percentage amount for the itemized income tax deductions for all jurisdictions.

## Real Property Tax

Real property tax burdens in the 51 cities are a function of residential real estate values, the ratio of assessed value to market value and the tax rate. Some jurisdictions also allow certain deductions from the value of residential property before the tax is calculated while others allow credits against the calculated real estate tax. These deductions and/or credits are normally limited to owner-occupied properties.

The property tax rates for each of the 51 cities, which are presented in Table 4, page 19, indicate a wide range in these rates. This information is based upon data received from local assessors. In addition to tax rate differences presented in Table 5 (page 20), data indicate that the assumed market value of a residence for purposes of this study varies widely from one city to another at all income levels. For example, the assumed value of a residence at the \$75,000 income level ranges from a high of \$505,331 in Honolulu to a low of \$70,343 in Detroit. The housing values for each income level for each city in Table 5 are derived using the following methodology:

- 1) The 1990 median single family housing value for each city obtained from the 1990 Census of Housing is compared to the city median family income **for homeowners** from the 1990 Census of Population. The resulting ratio of median housing value to median family income is the housing/income ratio shown in Table 5. For Washington, D.C., for example, the ratio is 2.51.
- 2) The housing values for the two middle income levels, \$50,000 and \$75,000, are derived by multiplying the housing/income ratio shown in Table 5 by the income level. Thus, for Washington, D.C., the housing values at the \$50,000 and \$75,000 incomes are computed as follows:

$$\$50,000 \times 2.51 = \$125,314$$

$$\$75,000 \times 2.51 = \$187,970$$

The housing values in Table 5 on page 20 are calculated on the basis of an unrounded housing to income ratio, which makes the result slightly different from that shown in the examples.

- 3) For the lowest income level, \$25,000, the cost of housing is assumed to be a greater proportion of income than the housing/income ratio derived above. For this income level, the housing/income ratio is increased by 5 percent, based on data from the United States Census Bureau. For Washington, D.C., the appropriate calculation at the \$25,000 level using the rounded ratio is:

$$\$25,000 \times 2.51 \times 1.05 = \$65,790$$

- 4) For the \$100,000 income level, housing costs as a percentage of income are assumed to be less than the derived ratio. The housing to income ratio is reduced by 5 percent. The appropriate calculation for Washington, D.C. is:

$$\$100,000 \times 2.51 \times .95 = \$238,096$$

- 5) For the highest income level, housing costs as a percentage of income are also assumed to be less than the derived ratio. The housing to income ratio is reduced by 10 percent at the highest income level, again based on data from the United States Census Bureau. The appropriate calculation for Washington, D.C. is:

$$\$150,000 \times 2.51 \times .90 = \$338,347$$

The above methodology is an attempt to reflect the different values of housing in different parts of the country and at different income levels. Census data from 1990 are used because they are the only data comparable for all the jurisdictions in this study. It is important to note that these are **hypothetical** values based on income level and do not represent **average** values for a particular jurisdiction.

In computing property tax burdens, it is also necessary to consider the various exemptions and credits noted in Table 6 (page 21). The variety of real property tax exemptions, most of which apply only to residential real property, is very broad. Table 6 does not include the many senior citizen exemptions and credits available in a large number of states. Table 4 (page 19), which compares residential real estate tax rates for each city, does not reflect the various exemptions and credits noted in Table 6. The many senior citizen exemptions and credits available are also not reflected in Table 4, because seniors are not included in the hypothetical households of this study. However, the property tax burdens computed and shown in Table 1 of this study reflect the applicable provisions.

## Sales and Use Tax

The sales tax burden included in this study are based on information from the Bureau of Labor Statistics consumer expenditure survey (CES) and from information provided by the states in a sales tax survey. The state and local general sales tax rates in each city are reported in Table 7, page 23.

## Automobile Taxes

The automobile taxes included in this study are the gasoline tax, motor vehicle registration fees, excise taxes, and personal property tax levied on automobiles. Table 10 (page 26) summarizes automobile ownership assumptions for each income level, including types of vehicles, weight, value and annual gasoline consumption.

## CHAPTER II

### Overall Tax Burdens For The Largest City In Each State

---

The major state and local tax burdens by tax type for the five different income levels used in this study are presented in Table 1 (pages 8-12). As reflected by data in Table 1, tax burdens across the 51 cities vary widely at all income levels. At the \$25,000 income level, the \$4,738 burden for Bridgeport, Connecticut is almost five times greater than the \$957 burden for Anchorage, Alaska. Similarly, at the \$150,000 income level, the Bridgeport, Connecticut burden of \$29,230 is more than six times the Anchorage, Alaska, burden of \$4,619. The differences in the composition of state and local tax structures cause a wide variation in tax burdens at all income levels.

The highest overall tax burden occurs in Bridgeport, Connecticut followed by Newark, New Jersey; Portland, Maine; and New York City, New York.

The lowest tax burdens for the 51 cities occur in Anchorage followed by Jacksonville, Florida; Cheyenne, Wyoming; and Las Vegas, Nevada.

No single pattern characterizes a city with either a high or a low tax burden. Generally, however, high tax burden cities have a graduated individual income tax rate and/or high real estate tax rates and moderate to high housing values. Low tax burden cities generally have a low individual income tax (if they have one at all) and average or below average real property tax rates. The regional pattern cannot be overlooked, as the five highest tax cities are located in the Northeast and the five lowest tax cities are located in the South and West.

#### **Progressivity**

The average 51-city total tax burden is 8.1 percent at the \$25,000 income level, 8.4 percent at the \$50,000 income level, 9.2 percent at the \$75,000 income level, 9.3 percent at the \$100,000 income level, and 9.4 percent at the \$150,000 income level.

---

<b>TABLE 1</b> <b>ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1997</b>
---

---

**Chapter II: Overall Tax Burdens For The Largest City In Each State**

<b>\$25,000</b>									
RANK	CITY	ST	TAXES				BURDEN		
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT	
1	Bridgeport	CT	0	3,592	523	623	4,738	19.0%	
2	Newark	NJ	235	2,977	414	165	3,792	15.2%	
3	Philadelphia	PA	1,540	1,157	438	106	3,241	13.0%	
4	Manchester	NH	0	2,462	99	307	2,869	11.5%	
5	Portland	ME	224	1,853	476	153	2,705	10.8%	
6	Detroit	MI	1,287	636	493	135	2,551	10.2%	
7	Louisville	KY	1,340	477	420	283	2,520	10.1%	
8	Providence	RI	64	1,717	427	203	2,411	9.6%	
9	Milwaukee	WI	605	1,075	482	209	2,371	9.5%	
10	Virginia Beach	VA	580	647	494	493	2,214	8.9%	
<b>11</b>	<b>WASHINGTON</b>	<b>DC</b>	<b>1,147</b>	<b>340</b>	<b>491</b>	<b>224</b>	<b>2,203</b>	<b>8.8%</b>	
12	Boston	MA	771	834	354	222	2,181	8.7%	
13	Kansas City	MO	743	515	553	364	2,175	8.7%	
14	Birmingham	AL	1,067	45	806	252	2,170	8.7%	
15	Honolulu	HI	900	534	482	252	2,168	8.7%	
16	Columbus	OH	811	747	405	192	2,154	8.6%	
17	Des Moines	IA	590	728	606	230	2,154	8.6%	
18	Chicago	IL	599	629	685	212	2,124	8.5%	
19	New York City	NY	530	791	731	71	2,123	8.5%	
20	Oklahoma City	OK	637	391	803	264	2,095	8.4%	
21	Little Rock	AR	510	552	756	266	2,083	8.3%	
22	Omaha	NE	248	911	633	290	2,081	8.3%	
23	Burlington	VT	282	1,257	377	144	2,060	8.2%	
24	Phoenix	AZ	200	918	648	285	2,051	8.2%	
25	Baltimore	MD	393	1,053	396	195	2,037	8.1%	
26	Los Angeles	CA	24	951	651	344	1,970	7.9%	
27	Atlanta	GA	583	264	838	266	1,951	7.8%	
28	Indianapolis	IN	820	533	471	122	1,945	7.8%	
29	Portland	OR	961	763	0	199	1,923	7.7%	
30	Charleston	WV	580	465	531	345	1,921	7.7%	
31	Wichita	KS	421	509	620	344	1,894	7.6%	
32	Seattle	WA	0	1,039	652	181	1,871	7.5%	
33	Charlotte	NC	476	540	565	288	1,869	7.5%	
34	Salt Lake City	UT	461	363	714	320	1,858	7.4%	
35	Fargo	ND	158	984	384	205	1,731	6.9%	
36	Albuquerque	NM	127	759	638	160	1,684	6.7%	
37	Minneapolis	MN	169	746	484	280	1,679	6.7%	
38	Sioux Falls	SD	0	779	738	153	1,669	6.7%	
39	Denver	CO	253	430	559	405	1,647	6.6%	
40	Jackson	MS	261	339	654	341	1,595	6.4%	
41	Columbia	SC	200	471	429	477	1,577	6.3%	
42	Memphis	TN	0	579	783	157	1,519	6.1%	
43	Wilmington	DE	672	648	0	177	1,497	6.0%	
44	Billings	MT	483	634	26	332	1,474	5.9%	
45	Las Vegas	NV	0	589	509	352	1,450	5.8%	
46	New Orleans	LA	335	103	805	206	1,449	5.8%	
47	Boise City	ID	244	432	514	236	1,426	5.7%	
48	Houston	TX	0	671	459	195	1,325	5.3%	
49	Cheyenne	WY	0	400	632	220	1,253	5.0%	
50	Jacksonville	FL	0	263	511	209	982	3.9%	
51	Anchorage	AK	0	867	0	90	957	3.8%	
<b>AVERAGE</b>			<b>\$512</b>	<b>\$823</b>	<b>\$569</b>	<b>\$250</b>	<b>\$2,027</b>	<b>8.1%</b>	
<b>MEDIAN</b>			<b>\$393</b>	<b>\$647</b>	<b>\$511</b>	<b>\$224</b>	<b>\$1,970</b>	<b>7.9%</b>	

1/ Based on cities actually levying tax.

**TABLE 1**  
**ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1997**  
**\$50,000**

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	697	6,841	808	667	9,013	18.0%
2	Newark	NJ	629	5,671	698	162	7,160	14.3%
3	Philadelphia	PA	3,067	2,205	724	102	6,098	12.2%
4	Portland	ME	1,639	3,530	778	147	6,094	12.2%
5	New York City	NY	2,946	1,506	1,179	75	5,707	11.4%
6	Baltimore	MD	2,639	2,007	656	188	5,490	11.0%
7	Milwaukee	WI	2,327	2,115	778	202	5,421	10.8%
8	Providence	RI	1,208	3,270	731	198	5,407	10.8%
9	Detroit	MI	3,099	1,211	786	182	5,278	10.6%
10	Manchester	NH	0	4,690	188	320	5,198	10.4%
11	Louisville	KY	3,194	908	683	304	5,089	10.2%
12	Boston	MA	2,271	1,998	535	200	5,004	10.0%
13	Honolulu	HI	2,632	1,158	746	242	4,778	9.6%
14	<b>WASHINGTON</b>	<b>DC</b>	<b>2,691</b>	<b>909</b>	<b>842</b>	<b>218</b>	<b>4,660</b>	<b>9.3%</b>
15	Minneapolis	MN	1,710	1,813	794	267	4,584	9.2%
16	Columbus	OH	2,266	1,422	698	185	4,571	9.1%
17	Atlanta	GA	1,735	1,196	1,219	294	4,444	8.9%
18	Des Moines	IA	1,741	1,575	898	224	4,438	8.9%
19	Portland	OR	2,761	1,453	0	191	4,405	8.8%
20	Burlington	VT	1,135	2,394	668	140	4,337	8.7%
21	Omaha	NE	1,294	1,735	992	300	4,321	8.6%
22	Virginia Beach	VA	1,783	1,233	745	535	4,297	8.6%
23	Salt Lake City	UT	2,118	692	1,093	339	4,241	8.5%
24	Kansas City	MO	1,937	981	915	398	4,231	8.5%
25	Los Angeles	CA	952	1,878	1,024	367	4,222	8.4%
26	Charlotte	NC	1,993	1,028	859	300	4,180	8.4%
27	Chicago	IL	1,301	1,582	1,090	205	4,177	8.4%
28	Oklahoma City	OK	1,919	837	1,149	262	4,167	8.3%
29	Birmingham	AL	2,373	370	1,159	264	4,165	8.3%
30	Little Rock	AR	1,688	1,051	1,107	287	4,132	8.3%
31	Boise City	ID	2,142	824	796	228	3,990	8.0%
32	Columbia	SC	1,836	917	643	526	3,921	7.8%
33	Phoenix	AZ	872	1,749	1,016	253	3,889	7.8%
34	Albuquerque	NM	1,191	1,520	928	155	3,794	7.6%
35	Charleston	WV	1,695	886	791	366	3,738	7.5%
36	Indianapolis	IN	1,845	1,039	714	117	3,716	7.4%
37	Wichita	KS	1,377	970	949	365	3,661	7.3%
38	Denver	CO	1,448	819	896	428	3,591	7.2%
39	Wilmington	DE	2,140	1,235	0	170	3,545	7.1%
40	Jackson	MS	1,256	862	978	365	3,462	6.9%
41	Billings	MT	1,829	1,207	63	323	3,422	6.8%
42	Fargo	ND	657	1,874	616	199	3,346	6.7%
43	New Orleans	LA	1,165	719	1,265	186	3,335	6.7%
44	Seattle	WA	0	1,978	1,036	174	3,188	6.4%
45	Sioux Falls	SD	0	1,483	1,083	147	2,713	5.4%
46	Memphis	TN	0	1,103	1,213	151	2,467	4.9%
47	Houston	TX	0	1,467	778	189	2,433	4.9%
48	Las Vegas	NV	0	1,122	816	358	2,296	4.6%
49	Cheyenne	WY	0	763	961	218	1,942	3.9%
50	Jacksonville	FL	0	752	816	201	1,769	3.5%
51	Anchorage	AK	0	1,652	0	87	1,739	3.5%
<b>AVERAGE</b> 1/			<b>\$1,755</b>	<b>\$1,651</b>	<b>\$889</b>	<b>\$254</b>	<b>\$4,221</b>	<b>8.4%</b>
<b>MEDIAN</b>			<b>\$1,695</b>	<b>\$1,235</b>	<b>\$808</b>	<b>\$218</b>	<b>\$4,180</b>	<b>8.4%</b>

1/ Based on cities actually levying tax.

Chapter II: Overall Tax Burdens For The Largest City In Each State

**TABLE 1**  
**ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1997**  
**\$75,000**

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	2,654	10,262	1,210	1,129	15,254	20.3%
2	Newark	NJ	1,133	8,507	1,127	304	11,070	14.8%
3	Portland	ME	3,421	5,295	1,167	255	10,139	13.5%
4	New York City	NY	5,711	2,260	1,768	133	9,872	13.2%
5	Philadelphia	PA	4,466	3,307	1,183	180	9,136	12.2%
6	Providence	RI	2,255	4,904	1,194	333	8,686	11.6%
7	Baltimore	MD	4,274	3,010	984	329	8,597	11.5%
8	Milwaukee	WI	3,845	3,209	1,167	353	8,574	11.4%
9	Detroit	MI	4,912	1,816	1,180	307	8,215	11.0%
10	Minneapolis	MN	3,138	3,234	1,289	506	8,167	10.9%
11	Boston	MA	3,674	3,223	803	375	8,075	10.8%
12	<b>WASHINGTON</b>	<b>DC</b>	<b>4,719</b>	<b>1,507</b>	<b>1,343</b>	<b>363</b>	<b>7,933</b>	<b>10.6%</b>
13	Honolulu	HI	4,553	1,815	1,118	419	7,905	10.5%
14	Louisville	KY	4,990	1,362	1,025	514	7,891	10.5%
15	Manchester	NH	0	7,035	282	542	7,858	10.5%
16	Los Angeles	CA	2,508	2,853	1,539	625	7,526	10.0%
17	Columbus	OH	3,886	2,133	1,128	325	7,472	10.0%
18	Atlanta	GA	2,962	2,177	1,829	498	7,466	10.0%
19	Des Moines	IA	3,075	2,466	1,347	407	7,296	9.7%
20	Omaha	NE	2,682	2,602	1,472	528	7,284	9.7%
21	Portland	OR	4,752	2,179	0	328	7,259	9.7%
22	Burlington	VT	2,152	3,591	1,073	249	7,066	9.4%
23	Boise City	ID	3,807	1,580	1,193	406	6,986	9.3%
24	Charlotte	NC	3,547	1,542	1,332	509	6,930	9.2%
25	Virginia Beach	VA	3,024	1,850	1,117	901	6,892	9.2%
26	Salt Lake City	UT	3,532	1,038	1,725	576	6,870	9.2%
27	Oklahoma City	OK	3,381	1,308	1,723	443	6,855	9.1%
28	Columbia	SC	3,320	1,650	964	884	6,818	9.1%
29	Little Rock	AR	3,056	1,577	1,660	481	6,774	9.0%
30	Kansas City	MO	3,124	1,472	1,463	646	6,704	8.9%
31	Chicago	IL	2,001	2,585	1,619	360	6,565	8.8%
32	Birmingham	AL	3,673	712	1,714	450	6,550	8.7%
33	Albuquerque	NM	2,555	2,322	1,392	260	6,529	8.7%
34	Charleston	WV	3,230	1,328	1,186	623	6,368	8.5%
35	Wichita	KS	2,761	1,456	1,424	611	6,251	8.3%
36	Phoenix	AZ	1,546	2,623	1,523	430	6,123	8.2%
37	Billings	MT	3,656	1,811	94	545	6,106	8.1%
38	Wilmington	DE	3,760	1,852	0	293	5,905	7.9%
39	Jackson	MS	2,339	1,413	1,468	620	5,840	7.8%
40	New Orleans	LA	1,835	1,697	1,897	318	5,747	7.7%
41	Indianapolis	IN	2,870	1,571	1,072	204	5,717	7.6%
42	Denver	CO	2,513	1,229	1,343	613	5,698	7.6%
43	Fargo	ND	1,272	2,811	924	318	5,325	7.1%
44	Seattle	WA	0	2,968	1,554	301	4,823	6.4%
45	Sioux Falls	SD	0	2,225	1,624	258	4,107	5.5%
46	Memphis	TN	150	1,654	1,933	261	3,999	5.3%
47	Houston	TX	0	2,304	1,166	338	3,808	5.1%
48	Las Vegas	NV	0	1,683	1,224	613	3,520	4.7%
49	Cheyenne	WY	0	1,144	1,526	417	3,087	4.1%
50	Jacksonville	FL	0	1,266	1,224	350	2,841	3.8%
51	Anchorage	AK	0	2,478	0	158	2,636	3.5%
<b>AVERAGE</b> 1/			<b>\$3,107</b>	<b>\$2,547</b>	<b>\$1,355</b>	<b>\$435</b>	<b>\$6,885</b>	<b>9.2%</b>
<b>MEDIAN</b>			<b>\$3,024</b>	<b>\$2,133</b>	<b>\$1,224</b>	<b>\$406</b>	<b>\$6,870</b>	<b>9.2%</b>

1/ Based on cities actually levying tax.

Chapter II: Overall Tax Burdens For The Largest City In Each State

**TABLE 1**  
**ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1997**  
**\$100,000**

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	4,012	12,999	1,619	1,415	20,045	20.0%
2	Newark	NJ	2,080	10,776	1,500	305	14,660	14.7%
3	New York City	NY	8,521	2,862	2,358	136	13,878	13.9%
4	Portland	ME	5,231	6,707	1,556	258	13,752	13.8%
5	Providence	RI	3,846	6,212	1,592	337	11,988	12.0%
6	Philadelphia	PA	5,934	4,189	1,577	182	11,882	11.9%
7	Milwaukee	WI	5,423	4,085	1,556	357	11,420	11.4%
8	Baltimore	MD	5,924	3,813	1,312	332	11,381	11.4%
9	Minneapolis	MN	4,645	4,371	1,718	615	11,349	11.3%
10	Los Angeles	CA	4,536	3,634	2,056	779	11,004	11.0%
<b>11</b>	<b>WASHINGTON</b>	<b>DC</b>	<b>6,840</b>	<b>1,986</b>	<b>1,792</b>	<b>366</b>	<b>10,984</b>	<b>11.0%</b>
12	Detroit	MI	6,724	2,300	1,573	310	10,907	10.9%
13	Boston	MA	5,119	4,204	1,070	423	10,816	10.8%
14	Honolulu	HI	6,550	2,340	1,491	424	10,805	10.8%
15	Louisville	KY	6,854	1,725	1,367	648	10,593	10.6%
16	Columbus	OH	5,799	2,702	1,504	328	10,333	10.3%
17	Atlanta	GA	4,199	2,963	2,438	653	10,253	10.3%
18	Omaha	NE	4,151	3,296	1,951	651	10,050	10.0%
19	Manchester	NH	0	8,911	376	651	9,938	9.9%
20	Portland	OR	6,752	2,760	0	331	9,843	9.8%
21	Boise City	ID	5,573	2,239	1,591	409	9,812	9.8%
22	Burlington	VT	3,560	4,549	1,431	251	9,791	9.8%
23	Des Moines	IA	4,363	3,180	1,796	410	9,749	9.7%
24	Charlotte	NC	5,368	1,954	1,776	607	9,704	9.7%
25	Columbia	SC	4,804	2,237	1,286	1,167	9,494	9.5%
26	Oklahoma City	OK	4,854	1,597	2,298	569	9,318	9.3%
27	Virginia Beach	VA	4,292	2,343	1,489	1,171	9,296	9.3%
28	Little Rock	AR	4,471	1,997	2,213	580	9,262	9.3%
29	Salt Lake City	UT	4,896	1,314	2,300	707	9,217	9.2%
30	Albuquerque	NM	4,090	2,963	1,856	263	9,171	9.2%
31	Kansas City	MO	4,515	1,864	1,950	831	9,160	9.2%
32	Billings	MT	5,788	2,294	125	696	8,903	8.9%
33	Charleston	WV	4,855	1,683	1,582	765	8,885	8.9%
34	Birmingham	AL	5,001	986	2,302	541	8,830	8.8%
35	Wichita	KS	4,192	1,844	1,898	764	8,697	8.7%
36	Chicago	IL	2,711	3,387	2,164	364	8,625	8.6%
37	Phoenix	AZ	2,325	3,323	2,031	613	8,292	8.3%
38	Wilmington	DE	5,440	2,346	0	297	8,082	8.1%
39	Jackson	MS	3,433	1,854	1,957	775	8,019	8.0%
40	New Orleans	LA	2,445	2,479	2,530	344	7,798	7.8%
41	Denver	CO	3,581	1,557	1,791	746	7,675	7.7%
42	Indianapolis	IN	3,895	1,997	1,429	206	7,528	7.5%
43	Fargo	ND	2,093	3,560	1,232	341	7,227	7.2%
44	Seattle	WA	0	3,759	2,072	304	6,135	6.1%
45	Sioux Falls	SD	0	2,818	2,165	261	5,245	5.2%
46	Memphis	TN	270	2,096	2,578	264	5,208	5.2%
47	Houston	TX	0	2,973	1,555	341	4,869	4.9%
48	Las Vegas	NV	0	2,131	1,633	697	4,461	4.5%
49	Cheyenne	WY	0	1,449	2,035	418	3,903	3.9%
50	Jacksonville	FL	0	1,677	1,632	354	3,664	3.7%
51	Anchorage	AK	0	3,139	0	159	3,298	3.3%
<b>AVERAGE</b> 1/			<b>\$4,544</b>	<b>\$3,263</b>	<b>\$1,807</b>	<b>\$504</b>	<b>\$9,318</b>	<b>9.3%</b>
<b>MEDIAN</b>			<b>\$4,363</b>	<b>\$2,702</b>	<b>\$1,632</b>	<b>\$410</b>	<b>\$9,318</b>	<b>9.3%</b>

1/ Based on cities actually levying tax.

Chapter II: Overall Tax Burdens For The Largest City In Each State

**TABLE 1**  
**ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1997**  
**\$150,000**

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	6,406	18,472	2,591	1,760	29,230	19.5%
2	Newark	NJ	4,815	15,313	2,202	305	22,634	15.1%
3	New York City	NY	14,291	4,067	3,511	136	22,006	14.7%
4	Portland	ME	8,840	9,531	2,334	258	20,964	14.0%
5	Providence	RI	6,775	8,828	2,389	337	18,329	12.2%
6	Los Angeles	CA	8,539	5,195	3,097	964	17,795	11.9%
7	Minneapolis	MN	7,757	6,645	2,536	741	17,678	11.8%
8	Philadelphia	PA	8,887	5,952	2,293	182	17,314	11.5%
9	Milwaukee	WI	8,555	5,835	2,329	357	17,077	11.4%
10	<b>WASHINGTON</b>	<b>DC</b>	<b>11,037</b>	<b>2,944</b>	<b>2,686</b>	<b>366</b>	<b>17,033</b>	<b>11.4%</b>
11	Baltimore	MD	9,192	5,418	1,966	332	16,908	11.3%
12	Honolulu	HI	10,499	3,391	2,237	424	16,551	11.0%
13	Detroit	MI	10,349	3,269	2,349	310	16,276	10.9%
14	Boston	MA	8,064	6,164	1,605	416	16,250	10.8%
15	Columbus	OH	9,822	3,839	2,152	328	16,141	10.8%
16	Omaha	NE	7,540	4,684	2,910	791	15,926	10.6%
17	Louisville	KY	10,567	2,451	2,050	809	15,877	10.6%
18	Atlanta	GA	6,649	4,533	3,657	843	15,682	10.5%
19	Boise City	ID	9,096	3,557	2,387	409	15,449	10.3%
20	Des Moines	IA	7,624	4,606	2,695	410	15,335	10.2%
21	Burlington	VT	6,384	6,464	1,965	251	15,064	10.0%
22	Portland	OR	10,710	3,922	0	331	14,963	10.0%
23	Charlotte	NC	8,645	2,776	2,663	724	14,808	9.9%
24	Columbia	SC	7,852	3,412	1,928	1,513	14,704	9.8%
25	Albuquerque	NM	7,343	4,245	2,784	263	14,634	9.8%
26	Billings	MT	10,316	3,260	188	785	14,549	9.7%
27	Little Rock	AR	7,412	2,838	3,320	707	14,277	9.5%
28	Oklahoma City	OK	7,734	2,436	3,395	671	14,236	9.5%
29	Kansas City	MO	7,538	2,649	2,898	1,040	14,124	9.4%
30	Virginia Beach	VA	6,819	3,330	2,233	1,478	13,859	9.2%
31	Manchester	NH	10	12,663	529	651	13,854	9.2%
32	Charleston	WV	8,105	2,391	2,373	936	13,805	9.2%
33	Salt Lake City	UT	7,592	1,868	3,323	865	13,647	9.1%
34	Wichita	KS	7,049	2,620	2,847	938	13,455	9.0%
35	Birmingham	AL	7,716	1,534	3,429	650	13,329	8.9%
36	Chicago	IL	4,130	4,992	3,238	364	12,724	8.5%
37	Phoenix	AZ	3,989	4,722	3,047	708	12,466	8.3%
38	Wilmington	DE	8,780	3,333	0	297	12,410	8.3%
39	Jackson	MS	5,384	2,736	2,935	963	12,018	8.0%
40	New Orleans	LA	3,791	4,044	3,541	483	11,859	7.9%
41	Denver	CO	5,653	2,212	2,687	897	11,449	7.6%
42	Indianapolis	IN	5,945	2,849	2,143	206	11,144	7.4%
43	Fargo	ND	3,770	5,059	1,848	341	11,019	7.3%
44	Seattle	WA	0	5,342	3,108	304	8,754	5.8%
45	Memphis	TN	480	2,978	4,004	264	7,726	5.2%
46	Sioux Falls	SD	0	4,005	3,248	261	7,514	5.0%
47	Houston	TX	0	4,313	2,333	341	6,986	4.7%
48	Las Vegas	NV	0	3,029	2,449	795	6,272	4.2%
49	Cheyenne	WY	0	2,059	3,052	418	5,530	3.7%
50	Jacksonville	FL	0	2,500	2,449	354	5,303	3.5%
51	Anchorage	AK	0	4,460	0	159	4,619	3.1%
<b>AVERAGE</b> 1/			<b>\$7,465</b>	<b>\$4,701</b>	<b>\$2,694</b>	<b>\$577</b>	<b>\$14,148</b>	<b>9.4%</b>
<b>MEDIAN</b>			<b>\$7,538</b>	<b>\$3,922</b>	<b>\$2,449</b>	<b>\$416</b>	<b>\$14,549</b>	<b>9.7%</b>

1/ Based on cities actually levying tax.

The average tax burden for the 51 cities is progressive since the percentage tax burden at \$150,000 income (9.4 percent of income) is greater than the percentage tax burden at \$25,000 (8.1 percent). Any tax system in which the percentage of tax paid rises with the income level is said to be progressive. A tax system in which the percentage of taxes paid decreases as income rises is regressive.

Table 2 (page 14) indicates the relative progressivity or regressivity for the tax systems of each of the 51 cities. The progressivity index is measured by dividing the percentage tax burden at the \$25,000 income level by the percentage tax burden at the \$150,000 income level. An index coefficient of less than 1.000 indicates a progressive tax system, while an index greater than 1.000 indicates a regressive tax system. A proportional tax system is indicated by a coefficient of 1.000. The average index of .860 indicates that, overall, the average state and local tax system of the 51 cities is slightly progressive. The most progressive tax systems are found in Boise, Idaho; Minneapolis, Minnesota; and New York City, New York. A graduated individual income tax and some type of low-income exemption or credit on the real property tax characterize the tax system in each of these cities.

The three cities with the least progressive state and local tax systems are Las Vegas, Nevada; Cheyenne, Wyoming; and Sioux Falls, South Dakota. Residents of these states do not pay a state individual income tax, and in Sioux Falls and Cheyenne, the sales and use tax burden is substantially above the 51-city average. In all of these states, the tax burden is below the median at all income levels.

Several factors contribute to the progressivity of a tax system. A graduated individual income tax rate system, as well as exemptions and credits to lessen the regressivity of the property tax, will increase the progressivity of a tax system. Progressivity can be lessened by reliance on regressive taxes such as the sales tax and certain automobile taxes. The assumptions used in the calculation of housing values for the property tax (Chapter I) presuppose a certain regressivity in the property tax because the higher income family is assumed to spend a lower portion of income on housing than the lower income family. Similarly, the assumptions with regard to the composition of income at the five income levels also affect the progressivity of the individual income tax. The upper and lower income levels chosen for comparison also affect progressivity as measured in this study.

<b>TABLE 2</b> <b>INDEX OF PROGRESSIVITY FOR THE TAX SYSTEM</b> <b>OF THE LARGEST CITY IN EACH STATE</b> <b>1997</b>					
CITY	ST	MAJOR STATE AND LOCAL TAXES AS A PERCENT OF INCOME FOR \$25,000 FAMILY	MAJOR STATE AND LOCAL TAXES AS A PERCENT OF INCOME FOR \$150,000 FAMILY	PROGRESSIVITY INDEX	MAJOR STATE AND LOCAL TAX BURDEN RANK AT \$75,000 INCOME LEVEL
Boise	ID	5.7%	10.3%	0.554	23
Minneapolis	MN	6.7%	11.8%	0.570	10
New York City	NY	8.5%	14.7%	0.579	4
Billings	MT	5.9%	9.7%	0.608	37
Columbia	SC	6.3%	9.8%	0.643	28
Los Angeles	CA	7.9%	11.9%	0.664	16
Albuquerque	NM	6.7%	9.8%	0.690	33
Baltimore	MD	8.1%	11.3%	0.723	7
Wilmington	DE	6.0%	8.3%	0.724	38
New Orleans	LA	5.8%	7.9%	0.733	40
Atlanta	GA	7.8%	10.5%	0.746	18
Charlotte	NC	7.5%	9.9%	0.757	24
Portland	OR	7.7%	10.0%	0.771	21
Portland	ME	10.8%	14.0%	0.774	3
<b>WASHINGTON</b>	<b>DC</b>	<b>8.8%</b>	<b>11.4%</b>	<b>0.776</b>	<b>12</b>
Omaha	NE	8.3%	10.6%	0.784	20
Honolulu	HI	8.7%	11.0%	0.786	13
Providence	RI	9.6%	12.2%	0.789	6
Jackson	MS	6.4%	8.0%	0.796	39
Columbus	OH	8.6%	10.8%	0.801	17
Boston	MA	8.7%	10.8%	0.805	11
Salt Lake City	UT	7.4%	9.1%	0.817	26
Burlington	VT	8.2%	10.0%	0.820	22
Milwaukee	WI	9.5%	11.4%	0.833	8
Charleston	WV	7.7%	9.2%	0.835	34
Des Moines	IA	8.6%	10.2%	0.843	19
Wichita	KS	7.6%	9.0%	0.845	35
Denver	CO	6.6%	7.6%	0.863	42
Little Rock	AR	8.3%	9.5%	0.876	29
Oklahoma City	OK	8.4%	9.5%	0.883	27
Kansas City	MO	8.7%	9.4%	0.924	30
Detroit	MI	10.2%	10.9%	0.940	9
Fargo	ND	6.9%	7.3%	0.943	43
Louisville	KY	10.1%	10.6%	0.952	14
Virginia Beach	VA	8.9%	9.2%	0.959	25
Bridgeport	CT	19.0%	19.5%	0.973	1
Birmingham	AL	8.7%	8.9%	0.977	32
Phoenix	AZ	8.2%	8.3%	0.987	36
Chicago	IL	8.5%	8.5%	1.001	31
Newark	NJ	15.2%	15.1%	1.005	2
Indianapolis	IN	7.8%	7.4%	1.047	41
Jacksonville	FL	3.9%	3.5%	1.111	50
Philadelphia	PA	13.0%	11.5%	1.123	5
Houston	TX	5.3%	4.7%	1.138	47
Memphis	TN	6.1%	5.2%	1.180	46
Manchester	NH	11.5%	9.2%	1.243	15
Anchorage	AK	3.8%	3.1%	1.243	51
Seattle	WA	7.5%	5.8%	1.283	44
Sioux Falls	SD	6.7%	5.0%	1.333	45
Cheyenne	WY	5.0%	3.7%	1.359	49
Las Vegas	NV	5.8%	4.2%	1.387	48
<b>AVERAGE</b>		<b>8.1%</b>	<b>9.4%</b>	<b>0.860</b>	
<b>MEDIAN</b>				<b>0.843</b>	

## CHAPTER III

### Comparing Specific Tax Burdens For A Family Of Four In The Largest City In Each State

---

#### Individual Income Tax

Residents of 44 of the 51 cities in the study are subject to some type of individual income tax at the state and/or local levels. Individual income tax burdens vary widely due to factors such as differences in tax base, tax rates, exemptions, deductions and treatment of federal taxes. These variations are reflected in the individual income tax burdens shown in Table 3 (page 18).

The percentage of income used for payment of the individual income tax burden among residents of the largest city in states having an income tax at the income level of \$25,000 ranges from a low of zero percent in three of the cities in the study to a high of 6.2 percent in Philadelphia, Pennsylvania. At the \$150,000 income level, the burden ranges from zero percent of income in Manchester, New Hampshire to 9.5 percent in New York City. It should be noted that the Tennessee and New Hampshire income taxes are applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at most income levels used in the study. New York City has broad-based income taxes at both the state and local levels, each of which has graduated rates.

The average individual income tax rate for the 44 cities levying the tax ranges from 2.0 percent at \$25,000 income to 5.0 percent at \$150,000 income. Overall, the individual income tax is quite progressive; only Philadelphia has an individual income tax system that is not progressive. The slightly regressive Philadelphia income tax has no exemptions or deductions.

As Table 3 indicates, there are several types of individual income tax systems including graduated state and local rates, graduated state and flat local rates, flat state and local rates, state tax rates as a percent of federal income tax liability, graduated state tax rates and flat state rates with exemptions. The most common system is the graduated state tax rate, which applies to taxpayers in 26 of the cities. Taxpayers of seven cities are subject to a flat state tax rate with exemptions. Three cities are located in states that levy state taxes based on a percentage of federal tax liability. This includes Fargo, which allows taxpayers a choice of a graduated rate schedule or a tax equal to 14 percent of federal liability; Fargo is included in this group of states because most North Dakota taxpayers use the percentage of federal option. Income tax systems that utilize a percentage of the federal tax tend to be progressive because they are linked to the federal tax rate system, which is graduated within the income ranges used in the study.

Two of the larger cities in the study, Detroit, Michigan and Philadelphia are subject to flat

state and local tax rates. Four other cities levy local income taxes with flat rates to complement graduated rate income tax systems. Baltimore, Maryland uses a piggyback system with a local tax based on a percentage of the graduated state tax, while New York City residents are subject to separate state and local income taxes, both of which are characterized by graduated rate schedules.

Several of the state individual income tax systems are indexed. Indexing takes several forms and is used to keep individuals from being taxed at higher rates if their income rises less than the rate of inflation. Thus, only the "real" income gain above the inflation rate is subject to higher tax rates. The table below summarizes the various indexing methods used by states:

---

<b>States That Index Some Part of Their Individual Income Tax</b>		
<b><u>State</u></b>	<b><u>Indexed Portion</u></b>	<b><u>Status</u></b>
<b>California</b>	Tax brackets, exemptions (credit), standard deduction	Active
<b>Iowa</b>	Tax brackets, standard deduction	Active
<b>Maine</b>	Tax brackets, exemptions standard deduction	Active
<b>Michigan</b>	Personal exemptions	Active
<b>Minnesota</b>	Tax brackets, exemptions and standard deduction	Active
<b>Montana</b>	Tax brackets, exemptions, standard deduction	Active
<b>Oregon</b>	Tax brackets, exemptions	Active
<b>South Carolina</b>	Tax brackets	Active
<b>Utah</b>	Standard deduction, personal exemption	Active

---

States that tax a percentage of federal net taxable income or a percentage of the federal liability implicitly accept the federal indexing of tax brackets, exemptions and standard deduction.

Table 1 indicates that the hypothetical families pay more in individual income taxes than any other tax at the four top income levels. At \$25,000, the individual income tax is the third most burdensome tax.

## Real Property Tax

All 51 cities in the study levy a property tax on residential property located within the city. The real property tax is a function of housing values, real estate tax rates, assessment levels, homeowner exemptions and credits allowed. Nominal rates used in table 4 (page 19), represent the "announced" rates levied by the jurisdiction, while effective rates consider the various assessment levels in the cities. As the data indicate, effective rates range from a high of \$3.91 per \$100 of assessed value in Newark to 39 cents per \$100 of assessed value in Honolulu, Hawaii. Assessment levels vary dramatically from 4.0 percent of assessed value in Columbia to 109 percent in Manchester. The assessment level and nominal rate used in the cities were provided by local assessors and state tax researchers.

The assumed housing values in the 51 cities at each of the five income levels are presented in Table 5, page 20. Housing values at the same income level vary a great deal. In addition, several jurisdictions allow tax exemptions and credits in the calculations of the property tax. These exemptions and credits are noted in Table 6 (page 21). The data in Table 5 are based on the 1990 U.S. Census of Population.

The hypothetical family pays more in real property taxes than any other tax in the study at the lowest income level of \$25,000. It is the second highest tax paid at the four other income levels. In Table 1, Bridgeport, Newark and Manchester have the highest property tax burdens. This is due primarily to the high real estate tax rates in each of these cities.

Birmingham, Alabama has the lowest real estate tax burden at all income levels. This very low real estate tax burden results from a combination of a low effective real estate tax rate (\$.79 per \$100 value), below average housing values and an exemption program.

**TABLE 3**  
**PERCENTAGE OF INCOME TAX BURDENS IN THE LARGEST CITIES BY**  
**TYPE OF INCOME TAX FOR A FAMILY OF FOUR**  
**1997**

CITIES WITH:	ST	INCOME LEVELS:				
		\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
<b>GRADUATED STATE AND LOCAL TAX RATES</b>						
Baltimore	MD	1.6%	5.3%	5.7%	5.9%	6.1%
New York City	NY	2.1%	5.9%	7.6%	8.5%	9.5%
<b>GRADUATED STATE AND FLAT LOCAL RATES</b>						
Wilmington	DE	2.7%	4.3%	5.0%	5.4%	5.9%
Louisville	KY	5.4%	6.4%	6.7%	6.9%	7.0%
Kansas City	MO	3.0%	3.9%	4.2%	4.5%	5.0%
Columbus	OH	3.2%	4.5%	5.2%	5.8%	6.5%
<b>FLAT STATE AND LOCAL TAX RATES</b>						
Detroit	MI	5.1%	6.2%	6.5%	6.7%	6.9%
Philadelphia	PA	6.2%	6.1%	6.0%	5.9%	5.9%
<b>STATE TAX RATES AS A PERCENT OF FEDERAL LIABILITY</b>						
Fargo	ND	0.6%	1.3%	1.7%	2.1%	2.5%
Providence	RI	0.3%	2.4%	3.0%	3.8%	4.5%
Burlington	VT	1.1%	2.3%	2.9%	3.6%	4.3%
<b>GRADUATED STATE TAX</b>						
Birmingham	AL	4.3%	4.7%	4.9%	5.0%	5.1%
Phoenix	AZ	0.8%	1.7%	2.1%	2.3%	2.7%
Little Rock	AR	2.0%	3.4%	4.1%	4.5%	4.9%
Los Angeles	CA	0.1%	1.9%	3.3%	4.5%	5.7%
<b>WASHINGTON</b>	<b>DC</b>	<b>4.6%</b>	<b>5.4%</b>	<b>6.3%</b>	<b>6.8%</b>	<b>7.4%</b>
Atlanta	GA	2.3%	3.5%	3.9%	4.2%	4.4%
Honolulu	HI	3.6%	5.3%	6.1%	6.6%	7.0%
Boise City	ID	1.0%	4.3%	5.1%	5.6%	6.1%
Des Moines	IA	2.4%	3.5%	4.1%	4.4%	5.1%
Wichita	KS	1.7%	2.8%	3.7%	4.2%	4.7%
New Orleans	LA	1.3%	2.3%	2.4%	2.4%	2.5%
Portland	ME	0.9%	3.3%	4.6%	5.2%	5.9%
Minneapolis	MN	0.7%	3.4%	4.2%	4.6%	5.2%
Jackson	MS	1.0%	2.5%	3.1%	3.4%	3.6%
Billings	MT	1.9%	3.7%	4.9%	5.8%	6.9%
Omaha	NE	1.0%	2.6%	3.6%	4.2%	5.0%
Newark	NJ	0.9%	1.3%	1.5%	2.1%	3.2%
Albuquerque	NM	0.5%	2.4%	3.4%	4.1%	4.9%
Charlotte	NC	1.9%	4.0%	4.7%	5.4%	5.8%
Oklahoma City	OK	2.5%	3.8%	4.5%	4.9%	5.2%
Portland	OR	3.8%	5.5%	6.3%	6.8%	7.1%
Columbia	SC	0.8%	3.7%	4.4%	4.8%	5.2%
Salt Lake City	UT	1.8%	4.2%	4.7%	4.9%	5.1%
Virginia Beach	VA	2.3%	3.6%	4.0%	4.3%	4.5%
Charleston	WV	2.3%	3.4%	4.3%	4.9%	5.4%
Milwaukee	WI	2.4%	4.7%	5.1%	5.4%	5.7%
<b>FLAT STATE TAX RATE WITH EXEMPTIONS</b>						
Bridgeport	CT	0.0%	1.4%	3.5%	4.0%	4.3%
Denver	CO	1.0%	2.9%	3.4%	3.6%	3.8%
Chicago	IL	2.4%	2.6%	2.7%	2.7%	2.8%
Indianapolis	IN	3.3%	3.7%	3.8%	3.9%	4.0%
Boston	MA	3.1%	4.5%	4.9%	5.1%	5.4%
Manchester	NH	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN	0.0%	0.0%	0.2%	0.3%	0.3%
No income tax: Anchorage, AK; Jacksonville, FL; Las Vegas, NV; Sioux Falls, SD; Houston, TX; Seattle, WA; Cheyenne, WY						
<b>AVERAGE</b>	1/	<b>2.0%</b>	<b>3.5%</b>	<b>4.1%</b>	<b>4.5%</b>	<b>5.0%</b>
1/ Based on cities actually levying tax.						

**TABLE 4**  
**RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE**  
**1997**

RANK	CITY	ST	NOMINAL RATE 1/ PER \$100	ASSESSMENT LEVEL 2/	EFFECTIVE RATE PER \$100
1.	Newark,	NJ	23.85	16.4%	3.91
2.	Bridgeport,	CT	6.55	56.9%	3.73
3.	Manchester,	NH	3.12	109.0%	3.40
4.	Providence,	RI	3.20	100.0%	3.20
5.	Milwaukee,	WI	3.08	96.4%	2.97
6.	Houston,	TX	2.70	100.0%	2.70
7.	Philadelphia,	PA	8.26	32.0%	2.64
8.	Detroit,	MI	5.88	43.9%	2.58
9.	Portland,	ME	2.46	100.0%	2.46
10.	Baltimore,	MD	6.06	40.0%	2.42
11.	Des Moines,	IA	4.30	54.9%	2.36
12.	Omaha,	NE	2.40	93.0%	2.23
13.	Atlanta,	GA	5.11	40.0%	2.05
14.	Burlington,	VT	2.02	100.0%	2.02
15.	Fargo,	ND	46.96	4.1%	1.93
16.	Chicago,	IL	9.44	20.4%	1.92
17.	Columbus,	OH	5.20	35.0%	1.82
18.	Anchorage,	AK	1.87	96.0%	1.79
19.	Boise,	ID	1.81	98.4%	1.78
20.	Sioux Falls,	SD	2.06	85.0%	1.75
21.	Phoenix,	AZ	16.90	10.0%	1.69
22.	Portland,	OR	1.65	100.0%	1.65
23.	New Orleans,	LA	16.50	10.0%	1.65
24.	Indianapolis,	IN	10.21	15.0%	1.53
25.	Memphis,	TN	6.34	22.4%	1.42
26.	Columbia,	SC	35.47	4.0%	1.42
27.	Albuquerque,	NM	4.13	33.3%	1.38
28.	Boston,	MA	1.35	100.0%	1.35
29.	Jackson,	MS	12.75	10.0%	1.28
30.	Minneapolis,	MN	1.43	87.5%	1.25
31.	Billings,	MT	1.68	74.0%	1.24
32.	Wichita,	KS	10.73	11.5%	1.23
33.	Salt Lake City,	UT	1.25	97.0%	1.21
34.	Kansas City,	MO	6.30	19.0%	1.20
35.	Little Rock,	AR	6.39	18.6%	1.19
36.	Seattle,	WA	1.29	91.2%	1.18
37.	Oklahoma City,	OK	10.30	11.0%	1.13
38.	Louisville,	KY	1.25	90.0%	1.12
39.	Virginia Beach,	VA	1.22	91.9%	1.12
40.	Jacksonville,	FL	1.11	100.0%	1.11
41.	Wilmington,	DE	2.19	50.4%	1.10
42.	Charlotte,	NC	1.26	86.3%	1.08
43.	Las Vegas,	NV	2.94	35.0%	1.03
<b>44.</b>	<b>WASHINGTON,</b>	<b>DC</b>	<b>0.96</b>	<b>99.5%</b>	<b>0.96</b>
45.	Charleston,	WV	1.53	60.0%	0.92
46.	Los Angeles,	CA	1.05	75.0%	0.79
47.	Birmingham,	AL	7.86	10.0%	0.79
48.	Cheyenne,	WY	8.10	9.5%	0.77
49.	New York City,	NY	10.79	7.0%	0.75
50.	Denver,	CO	7.54	9.7%	0.73
51.	Honolulu,	HI	0.39	100.0%	0.39
<b>UNWEIGHTED AVERAGE</b>			<b>6.65</b>	<b>56.1%</b>	<b>\$1.67</b>
<b>MEDIAN</b>					<b>\$1.42</b>

NOTE: All rates and percentages in this table are rounded.  
1/ SOURCE: City Assessor.  
2/ SOURCE: City Assessor or State Board of Equalization.  
3/ Census Bureau estimated assessment level used.

**TABLE 5  
FACTORS USED IN HOUSING VALUE ASSUMPTIONS  
1997**

CITY	ST	MEDIAN SIZE FAMILY HOUSING VALUE 1/	MEDIAN FAMILY INCOME 2/	HOUSING TO INCOME RATIO 3/	HOUSING VALUE ASSUMPTIONS AT INDICATED INCOME LEVELS:				
					\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
Honolulu,	HI	\$353,900	\$52,525	6.74	\$176,866	\$336,887	\$505,331	\$640,086	\$909,595
Los Angeles,	CA	244,500	49,476	4.94	129,722	247,089	370,634	469,470	667,142
New York City,	NY	189,600	47,509	3.99	104,759	199,541	299,312	379,128	538,761
Bridgeport,	CT	145,900	39,740	3.67	96,373	183,568	275,352	348,780	495,634
Boston,	MA	161,400	44,351	3.64	95,528	181,958	272,936	345,719	491,285
Seattle,	WA	137,900	41,044	3.36	88,195	167,990	251,986	319,182	453,574
Providence,	RI	113,000	35,932	3.14	82,552	157,241	235,862	298,759	424,552
Newark,	NJ	110,000	37,886	2.90	76,215	145,172	217,759	275,827	391,965
Portland,	ME	112,200	39,030	2.87	75,461	143,736	215,603	273,098	388,086
Manchester,	NH	118,600	42,943	2.76	72,497	138,090	207,135	262,371	372,843
<b>WASHINGTON,</b>	<b>DC</b>	<b>123,900</b>	<b>49,436</b>	<b>2.51</b>	<b>65,790</b>	<b>125,314</b>	<b>187,970</b>	<b>238,096</b>	<b>338,347</b>
New Orleans,	LA	69,200	29,185	2.37	62,241	118,554	177,831	225,253	320,096
Burlington,	VT	95,400	40,346	2.36	62,069	118,227	177,341	224,632	319,214
Albuquerque,	NM	85,000	36,465	2.33	61,189	116,550	174,825	221,445	314,685
Wilmington,	DE	77,500	34,674	2.24	58,671	111,755	167,633	212,335	301,739
Denver,	CO	78,300	35,107	2.23	58,546	111,516	167,274	211,881	301,094
Virginia Beach,	VA	96,000	43,621	2.20	57,770	110,039	165,058	209,074	297,105
Las Vegas,	NV	87,900	40,374	2.18	57,150	108,857	163,286	206,829	293,914
Chicago,	IL	78,000	37,399	2.09	54,747	104,281	156,421	198,134	281,558
Phoenix,	AZ	76,700	37,060	2.07	54,327	103,481	155,221	196,614	279,398
Columbia,	SC	72,300	34,945	2.07	54,310	103,448	155,172	196,552	279,310
Salt Lake City,	UT	66,900	32,244	2.07	54,464	103,740	155,610	197,106	280,099
Minneapolis,	MN	71,500	35,973	1.99	52,175	99,380	149,070	188,822	268,326
Cheyenne,	WY	68,300	34,454	1.98	52,037	99,118	148,676	188,324	267,618
Billings,	MT	63,100	32,486	1.94	50,987	97,119	145,678	184,526	262,221
Charleston,	WV	65,700	34,117	1.93	50,550	96,286	144,429	182,944	259,973
Atlanta,	GA	70,800	36,883	1.92	50,389	95,979	143,969	182,360	259,144
Charlotte,	NC	79,900	42,093	1.90	49,827	94,909	142,363	180,327	256,254
Jacksonville,	FL	63,800	34,387	1.86	48,703	92,768	139,151	176,258	250,473
Boise,	ID	67,300	36,415	1.85	48,514	92,407	138,610	175,573	249,499
Anchorage,	AK	109,700	59,512	1.84	48,387	92,166	138,249	175,116	248,849
Fargo,	ND	69,600	38,067	1.83	47,994	91,418	137,127	173,694	246,828
Columbus,	OH	65,500	36,677	1.79	46,879	89,293	133,940	169,657	241,091
Little Rock,	AR	64,100	36,261	1.77	46,403	88,387	132,580	167,935	238,645
Portland,	OR	59,100	33,625	1.76	46,138	87,881	131,822	166,974	237,279
Birmingham,	AL	44,500	25,546	1.74	45,726	87,098	130,647	165,486	235,164
Jackson,	MS	53,900	31,182	1.73	45,375	86,428	129,642	164,213	233,356
Sioux Falls,	SD	59,100	34,865	1.70	44,497	84,755	127,133	161,035	228,840
Philadelphia,	PA	49,400	29,628	1.67	43,768	83,367	125,051	158,397	225,091
Baltimore,	MD	54,000	32,616	1.66	43,460	82,781	124,172	157,285	223,510
Oklahoma City,	OK	54,400	32,768	1.66	43,579	83,008	124,512	157,715	224,121
Indianapolis,	IN	61,200	37,407	1.64	42,947	81,803	122,704	155,425	220,868
Kansas City,	MO	55,700	33,992	1.64	43,014	81,931	122,897	155,669	221,214
Louisville,	KY	44,300	27,390	1.62	42,456	80,869	121,303	153,651	218,346
Milwaukee,	WI	53,200	33,339	1.60	41,888	79,786	119,680	151,594	215,423
Wichita,	KS	56,300	35,799	1.57	41,283	78,633	117,950	149,404	212,310
Omaha,	NE	54,300	34,976	1.55	40,753	77,625	116,437	147,487	209,587
Memphis,	TN	55,000	35,463	1.55	40,711	77,546	116,318	147,337	209,373
Houston,	TX	57,700	37,178	1.55	40,740	77,600	116,399	147,439	209,519
Des Moines,	IA	49,500	32,765	1.51	39,657	75,538	113,307	143,522	203,952
Detroit,	MI	25,600	27,295	0.94	24,620	46,895	70,343	89,101	126,617
<b>AVERAGE</b>		<b>\$87,071</b>	<b>\$37,146</b>	<b>2.24</b>	<b>\$58,880</b>	<b>\$112,153</b>	<b>\$168,230</b>	<b>\$213,091</b>	<b>\$302,813</b>
<b>MEDIAN</b>		<b>\$69,200</b>	<b>\$35,973</b>	<b>1.93</b>	<b>\$50,550</b>	<b>\$96,286</b>	<b>\$144,429</b>	<b>\$182,944</b>	<b>\$259,973</b>

1/ Source: General Housing Characteristics, U.S. Summary, Bureau of the Census

2/ Source: Census of Housing, Detailed Housing Characteristics 1990, Bureau of the Census

3/ Figures are rounded

TABLE 6  
CITIES WHICH ALLOW EXEMPTIONS OR REDUCED RATES  
IN THE CALCULATION OF REAL ESTATE TAXES FOR HOMEOWNERS  
1997

CITY	STATE	EXEMPTION OR TAX REDUCTION AMOUNT	BASIS OF TAX REDUCTION OR EXEMPTION
Birmingham,	AL	\$4,000	Assessed Value-Homestead
Phoenix,	AZ	35% Exemption on School Tax Rates up to \$2.20 each or \$4.40 in a Unified District up to \$500.00	Assessed Value
Los Angeles,	CA	\$7,000 Exemption	Assessed Value
<b>WASHINGTON,</b>	<b>DC</b>	<b>\$30,000 Exemption</b>	<b>Assessed Value-Homestead</b>
Jacksonville,	FL	\$25,000 Exemption	Assessed Value
Atlanta,	GA	\$15,000 Exemption	Assessed Value
Honolulu,	HI	\$40,000 Exemption (below age 55)	Assessed Value
Boise City,	ID	50% up to \$50,000 Exemption	Assessed Value-Improvements
Chicago,	IL	\$4,500 Exemption	Equalized Assessed Value
Indianapolis,	IN	15% Credit and \$2,000 Exemption	Assessed Value-Homestead
Des Moines,	IA	\$4,850 Exemption	Assessed Value-Homestead
New Orleans,	LA	\$7,500 Exemption	Assessed Value
Boston,	MA	\$453.13 Exemption	Tax Credit
Minneapolis,	MN	2% market Value over \$72,000 1% on First \$72,000;	Assessed Value
Jackson,	MS	\$240 Exemption	Assessed Value
Albuquerque,	NM	\$2,000 Household Head Exemption, \$2,000 Veteran exemption	Taxable Value
Columbus,	OH	12.5% Tax Rollback	Assessed Value
Oklahoma City,	OK	\$1,000 Exemption	Assessed Value-Homestead
Providence,	RI	35%	Assessed Value
Columbia,	SC	1.378 School district credit	Property tax relief fund
Houston,	TX	20% Exemption on Value Plus \$15,000 Exemption 20% Exemption	Assessed Value -School District Only -City and County Tax Only
Salt Lake City,	UT	45% Residential	Taxable Value Exemption
Milwaukee,	WI	School district tax on 1st \$6,800, 1.09 per \$100  Lottery credit of \$2.26 per \$100	Tax Credit  Assessed Value

Given the assumptions used in this study, the real property tax burden is slightly regressive with an average percentage burden of 3.3 percent at \$25,000 income and 3.1 percent at \$150,000 income. Because of high exemptions or credits, the property tax in some cities is actually progressive despite the regressivity assumed in deriving housing values (see Chapter I). For example, the property tax burden in Birmingham is 0.2 percent of income at \$25,000, compared to 1.0 percent at \$150,000. For Washington, D.C., the percentage property tax burden is 1.4 percent at \$25,000 and 2.0 percent at the \$150,000 income level.

As mentioned earlier, housing value assumptions combined with flat rates make the property tax regressive overall, while flat amount exemptions and credits can, and in some cities do, alleviate the regressivity of the property tax.

## **Sales and Use Tax**

Residents of 46 of the 51 cities in this study are subject to some form of a sales and use tax. The combined sales tax rates range from 9 percent in New Orleans to 4 percent in Honolulu as indicated in Table 7, page 23. The highest state sales tax rate is 7 percent in Rhode Island and Mississippi, while the lowest state rate of 2 percent is found in Nevada. Sales taxes are levied by 19 of the 51 cities in addition to state sales taxes with the highest city rate at 4 percent in New York City. Of the sixteen counties levying a sales tax, the highest rate (2.75 percent) is in Clark County (Las Vegas). Three school districts and 11 transit districts also levy sales taxes, with rates ranging from 0.25 percent to 2.25 percent.

The average sales tax burden is the second highest of the four major tax types at the \$25,000 income level, according to Table 1. It is third highest tax paid at the four other income levels. However, the sales tax burden is far below the levels of property and income taxes. For cities subject to a sales tax, the highest burdens occur in Atlanta, Georgia; Birmingham, Alabama; and New Orleans, Louisiana. The cities with a sales tax having the lowest burdens include Boston, Massachusetts; Burlington, Vermont; and Fargo, North Dakota.

Table 1 shows that the sales tax is regressive; the \$25,000 income family pays an average 2.3 percent for sales taxes, while the \$150,000 family pays 1.8 percent. Factors that make the sales tax regressive include a flat tax rate as well as a tax base, which includes tangible necessities but not necessarily services. Factors which can lessen the regressivity of the sales tax include the exemption of groceries and the taxation of certain services.

TABLE 7  
STATE AND LOCAL GENERAL SALES TAX  
RATES IN EACH OF THE 51 CITIES  
AS OF DECEMBER 31, 1997

CITY	ST	TOTAL RATE	STATE	CITY	COUNTY	SCHOOL	TRANSIT
New Orleans,	LA	9.0	4.0	3.5		1.5	
Chicago,	IL	8.75	6.25	1.0	0.75		0.75
Seattle,	WA	8.6	6.5	1.1			1.0
Oklahoma City,	OK	8.375	4.5	3.875			
Los Angeles,	CA	8.25	6.0	1.0	0.25		1.0
New York City,	NY	8.25	4.0	4.0			0.25
Memphis,	TN	8.25	6.0		2.25		
Houston,	TX	8.25	6.25	1.0			1.0
Birmingham,	AL	8.0	4.0	3.0	1.0		
Denver,	CO	7.2	3.0	3.5			0.7
Atlanta,	GA	7.0	4.0		1.0	1.0	1.0
Minneapolis,	MN	7.0	6.5	0.5			
Jackson,	MS	7.0	7.0				
Las Vegas,	NV	7.0	2.0		2.75	2.25	
Philadelphia,	PA	7.0	6.0		1.0		
Providence,	RI	7.0	7.0				
Phoenix,	AZ	6.8	5.0	1.3	0.5		
Jacksonville,	FL	6.5	6.0				0.5
Omaha,	NE	6.5	5.0	1.5			
Kansas City,	MO	6.475	4.225	1.0	0.75		0.5
Little Rock,	AR	6.125	4.625	0.5	1.0		
Salt Lake City,	UT	6.125	4.875	1.0			0.25
Bridgeport,	CT	6.0	6.0				
Louisville,	KY	6.0	6.0				
Portland,	ME	6.0	6.0				
Detroit,	MI	6.0	6.0				
Charlotte,NC	6.0	4.0		2.0			
Fargo,	ND	6.0	5.0	1.0			
Newark,	NJ	6.0	6.0				
Sioux Falls,	SD	6.0	4.0	2.0			
Charleston,	WV	6.0	6.0				
Cheyenne,	WY	6.0	4.0		2.0		
Wichita,	KS	5.9	4.9		1.0		
<b>WASHINGTON,</b>	<b>DC</b>	<b>5.75</b>	<b>5.75</b>				
Columbus,	OH	5.75	5.0		0.5		0.25
Milwaukee,	WI	5.6	5.0		0.6 1/		
Albuquerque,	NM	5.5625	4.5	0.8125	0.25		
Des Moines,	IA	5.0	5.0				
Boise City,	ID	5.0	5.0				
Indianapolis,	IN	5.0	5.0				
Boston,	MA	5.0	5.0				
Baltimore,	MD	5.0	5.0				
Columbia,	SC	5.0	5.0				
Burlington,	VT	5.0	5.0				
Virginia Beach,	VA	4.5	3.5	1.0			
Honolulu,	HI	4.0	4.0				
UNWEIGHTED AVERAGE		6.42					
MEDIAN		6.0					

Cities with no state general sales tax: Anchorage, AK; Billings, MT; Manchester, NH; Portland, OR; and Wilmington, DE.

NOTE: Unweighted average and median include only those cities with a sales tax.

1/ 0.5% county and .1% stadium tax.

## Automobile Taxes

All 51 cities in this study levy gasoline taxes and some type of automobile registration fee or tax. The Automobile taxes included in this study are gasoline taxes, motor vehicle registration fees, excise taxes and personal property taxes. Sixteen of the cities levy a personal property tax based on the value of motor vehicles owned by a taxpayer. Gasoline tax rates in each of the 51 cities as of December 31, 1997 are compared in Table 8, page 25. The gasoline tax rates vary from as high as 34 cents per gallon in Bridgeport to a low of 7.5 cents per gallon in Atlanta and 8 cents per gallon in Anchorage, and New York City. Several of the cities in Table 8 also levy a sales tax on gasoline, which is not included in the table.

As noted before, citizens in all 51 cities are subject to some type of automobile registration fee. They are usually either flat per-vehicle rates or excise taxes based on value. The types of registration and other automobile taxes to which residents of the 51 cities are subject are summarized in Table 9, page 26.

Sixteen cities levy personal property taxes on automobiles using various methods. Some cities use a combination of assessment levels and tax rates, which may or may not be the same as is used for other personal property or may not be the same as is used for other personal property or for real property. Others use the same assessment system and property tax rate for automobiles as they do for personal residences.

The assumptions used for calculating automobile personal property taxes, excise taxes, the gasoline tax and registration fees are presented in Table 10, page 26.

The lowest tax burdens at all income levels in this study are the automobile tax burdens. Bridgeport, Virginia Beach, and Columbia are among the cities with high automobile tax burdens. These cities levy either a personal property tax or a very high excise tax. New York City, Anchorage, and Philadelphia have consistently low automobile tax burdens. All of these cities have flat registration rates or registration by weight, moderate gasoline tax rates and no personal property or excise tax.

Automobile tax burdens in the 51 cities are regressive on the average as shown in Table 1. The \$25,000 family pays 1.0 percent of income for automobile related taxes, while the \$150,000 income family pays an average of 0.5 percent. Since gasoline consumption does not necessarily increase at the same rate as income, a flat tax rate on gasoline will not be progressive. Similarly, in a society where ownership of at least one automobile by a family is almost a necessity, any tax (excise or personal property) based on the value of vehicle ownership tends to be regressive.

TABLE 8  
GASOLINE TAX RATES IN THE 51 CITIES AS OF DECEMBER 31, 1997  
(STATE AND LOCAL RATES)

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Bridgeport,	CT	34.0	34.0	0.0
Honolulu,	HI	32.5	16.0	16.5
Las Vegas,	NV	32.0	24.0	8.0
Providence,	RI	28.0	28.0	0.0
Billings,	MT	27.0	27.0	0.0
Portland,	OR	27.0	24.0	3.0
Jacksonville,	FL	25.8	15.0	10.8
Boise,	ID	25.0	25.0	0.0
Omaha,	NE	24.9	24.9	0.0
Milwaukee,	WI	24.8	24.8	0.0
Chicago,	IL	24.0	19.0	5.0
Baltimore,	MD	23.5	23.5	0.0
Wilmington,DE	23.0	23.0	0.0	0.0
Seattle,	WA	23.0	23.0	0.0
Denver,	CO	22.0	22.0	0.0
Columbus,	OH	22.0	22.0	0.0
Charlotte,	NC	21.7	21.7	0.0
Boston,	MA	21.0	21.0	0.0
Charleston,	WV	20.5	20.5	0.0
<b>WASHINGTON,</b>	<b>DC</b>	<b>20.0</b>	<b>20.0</b>	<b>0.0</b>
Des Moines,	IA	20.0	20.0	0.0
New Orleans,	LA	20.0	20.0	0.0
Minneapolis,	MN	20.0	20.0	0.0
Manchester,	NH	20.0	20.0	0.0
Memphis,	TN	20.0	20.0	0.0
Fargo,	ND	20.0	20.0	0.0
Houston,	TX	20.0	20.0	0.0
Salt Lake City,	UT	19.5	19.5	0.0
Portland,	ME	19.0	19.0	0.0
Detroit,	MI	19.0	19.0	0.0
Little Rock,	AR	18.6	18.6	0.0
Phoenix,	AZ	18.0	18.0	0.0
Los Angeles,	CA	18.0	18.0	0.0
Wichita,	KS	18.0	18.0	0.0
Jackson,	MS	18.0	18.0	0.0
Sioux Falls,	SD	18.0	18.0	0.0
Virginia Beach,	VA	17.5	17.5	0.0
Birmingham,	AL	17.0	16.0	1.0
Kansas City, MO	17.0	17.0	0.0	0.0
Albuquerque,	NM	17.0	17.0	0.0
Oklahoma City,	OK	17.0	17.0	0.0
Columbia,	SC	16.0	16.0	0.0
Indianapolis,	IN	15.0	15.0	0.0
Louisville,	KY	15.0	15.0	0.0
Burlington,	VT	15.0	15.0	0.0
Philadelphia,	PA	12.0	12.0	0.0
Newark,	NJ	10.5	10.5	0.0
Cheyenne,	WY	9.0	9.0	0.0
New York City,	NY	8.0	8.0	0.0
Anchorage,	AK	8.0	8.0	0.0
Atlanta,	GA	7.5	7.5	0.0
UNWEIGHTED AVERAGE		19.8		
MEDIAN		20.0		

TABLE 9

SUMMARY OF TYPES OF AUTOMOBILE  
REGISTRATION TAXES  
1997

<u>TYPE OF REGISTRATION</u>	<u>NUMBER OF STATES</u>
Flat Rate Only	28
Weight Only	13
Weight and Age	3
Horsepower Only	1
Age Only	2
Value Only	3
Value and Weight	<u>1</u>
	51

<u>OTHER AUTO TAXES (INCLUDING LOCAL)</u>	
Personal Property	16
Excise:	
Value Based	10
Weight Based	2
Local:	
Flat Rate	4

TABLE 10  
AUTOMOBILE TAX ASSUMPTIONS  
1997

Income Level	Description Of Auto	Horse-Power 1/	Weight 1/	Year	Market Values			Estimated Mileage Per Gallon 2/	Estimated Annual Gasoline Usage 3/
					Retail Price 1/	Trade-In Value 1/	Loan Value 1/		
\$ 25,000	Sedan, 4 Door 4 cylinder, Automatic	16.9	2,735 lbs.	1994	\$11,575	\$9,550	\$ 8,600	22	682 Gallons
\$ 50,000	Sedan, 4 Door 4 Cylinder, Automatic	18.8	3,097 lbs.	1993	\$13,125	\$11,000	\$9,900	23	652 Gallons
\$ 75,000	Sedan, 4 Door 6 Cylinder, Automatic	29.4	3,147 lbs.	1994	\$14,950	\$12,875	\$11,850	19	789 Gallons
	Sedan, 4 Door 4 Cylinder, Automatic	16.7	2,312 lbs.	1991	\$ 6,450	\$ 5,475	\$ 4,500	24	313 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	34.7	3,587 lbs.	1995	\$19,575	\$17,050	\$15,525	19	789 Gallons
	Sedan, 2 Door 6 Cylinder, Automatic	18.0	2,987 lbs.	1992	\$10,700	\$8,850	\$8,075	23	326 Gallons
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	35.1	3,665 lbs.	1994	\$27,475	\$24,175	\$21,975	19	789 Gallons
	Sedan, 4 Door 4 Cylinder, Automatic	18.8	3,097 lbs.	1993	\$13,125	\$11,000	\$9,900	23	326 Gallons

1/ National Automobile Dealers Association Used Car Guide.

2/ Gas Mileage Guide, EPA fuel economy estimates for city driving, U.S. Department of Energy.

3/ Assumes 15,000 miles driven for all vehicles, except second cars, which are assumed to be driven 7,500 miles.

## CHAPTER IV

### How Do Tax Burdens In Washington, D.C., Compare With Those In The Largest City In Each State?

---

The nation's capital, Washington, D.C., is unique in many respects. It has a special status in which the day-to-day activities and functions of state, county, city and special districts are combined in one governmental unit. The Mayor and the 13-member District of Columbia Council combine the functions of a state legislature, a county board of commissioners and a city council. Due to this combination of responsibilities, the District has the taxing powers of a state, a county and a municipality, although these powers are limited by actions of the federal government. The graduated income tax, the general sales and use tax and the per gallon gasoline tax are all comparable in form to those levied by most states. The property tax based on assessed value is similar to the type levied in cities and counties. As a result, the tax burden of District residents should be compared to that borne by residents of other large cities.

The burden of each of the four major taxes for Washington, D.C. is compared with the 51-city average at all income levels in Table 11, page 30. The difference between the Washington, D.C., tax burden and the 51-city average increases, on a percentage basis, as the income level rises. This is because the District has a slightly more progressive tax system than the average of the 51 cities in the study. The District of Columbia rank eleven at the \$25,000 income level; fourteenth at the \$50,000 income level; and twelfth at the \$75,000 income level; eleven at the \$100,000 income level; and tenth at the \$150,000 income level.

The District of Columbia has a relatively high percentage of low-income taxpayers, which limits the District's revenue-raising capacity. Despite these limitations, the District of Columbia must perform and provide funding for functions usually provided at state and local levels of government. These non-municipal functions include responsibility for welfare programs, physical and mental health care, and maintenance of the public education system.

#### **Individual Income Tax**

The individual income tax burden for Washington, D.C. is substantially above the average for the 44 cities that levy an individual income tax at all income levels. Washington, D.C. levies an individual income tax with three rates: 6 percent on the first \$10,000 of taxable income; 8 percent on the next \$10,000 of taxable income; and 9.5 percent on taxable income over \$20,000. For tax year 1997 personal exemptions of \$1,370 per dependent were allowed, as well as a \$1,370 exemption for the filer and spouse, respectively. A standard deduction of \$2,000 (\$1,000 for married-separate) was in effect for the period of this study. Itemized deductions are the same as

those allowed in computing the federal income tax, but the District does not allow the deduction of its own individual income tax. Washington, D.C. also has liberal "circuit-breaker" property tax relief programs for both elderly and non-elderly qualified homeowners and renters, as well as a low income credit, which eliminates the District income tax for taxpayers with no federal income tax liability.

The individual income tax burden for Washington, D.C., is substantially above the average of the 51 cities at the four income levels studied according to Table 11. The high income tax burden on those subject to the tax is due in part to restrictions on the individual income tax base of the District. Washington, D.C., is prohibited by the Congress from taxing the earnings of non-residents working within the city. As a result of this tax base restriction, the District of Columbia is forced to tax its residents at higher rates than would otherwise be the case since approximately 59 percent of the wages and salaries earned in the District of Columbia are earned by non-residents.

## **Real Property Tax**

Property tax burdens in the District of Columbia are below the 51-city average at all income levels according to Table 11. A slightly higher than average housing-to-income ratio (Table 5) is offset by a low property tax rate (Table 4) combined with a \$30,000 homestead deduction, which helps reduce the Washington, D.C., property tax burden.

The tax on residential property in the District of Columbia is based on the assessed value of the property. All property is assessed at a statutory level of 100 percent of its estimated market value, and assessments are done annually. The tax rate on residential owner-occupied property in the District of Columbia was \$0.96 per \$100 for the period of this study. Washington, D.C. homeowners are allowed to deduct a homestead exemption of \$30,000 before calculation of the property tax for all owner-occupied dwellings.

Despite the assumption of regressivity present in the housing value assumptions (Chapter I), the computed property tax for Washington, D.C., is slightly progressive because of the homestead deduction which reduces the property tax of each homeowner by \$288 (at the \$0.96 rate). The burden is 1.4 percent at the \$25,000 income level and 2.0 percent at \$150,000 income.

## Sales Tax

The District of Columbia levies a sales tax with five different rates. This rate structure is utilized, in part, to take advantage of the District's special status as a tourist center and to increase the contribution of non-residents working in the city. These differential rates illustrate the concept of tax exporting. The table below details the sales tax rates in effect at the end of 1997.

<u>Items</u>	<u>Sales Tax Rate</u>
Tangible Personal Property	5.75%
Alcohol for off premises consumption	8%
Restaurant Meals, Take-Out Food, rental cars, Telephone calling cards	10%
Commercial Parking	12%
Hotel, Motel Rooms	13%

Items exempt from the District of Columbia sales tax include groceries and prescription drugs.

The sales tax burden in the District of Columbia is very near the 51-City average at all but the lowest income level.

## Automobile Taxes

Washington, D.C. taxes gasoline and requires registration fees for automobile owners. The gasoline tax rate is 20 cents per gallon. Registration fees of \$55 on cars weighing less than 3,500 pounds and \$88 on cars equal to or greater than 3,500 pounds were in effect for the period of this study. The District of Columbia does not impose an annual excise tax or personal property tax on automobiles.

Washington, D.C., automobile tax burdens are below the 51-city average at all income levels as shown in Table 11. High registration fees and a flat gasoline tax rate cause the District auto tax burden to be regressive. Washington, D.C., automobile tax burdens represent 0.9 percent of income at \$25,000 and 0.2 percent at \$150,000.

## Summary

As noted above, the tax burden of the District of Columbia is influenced by many factors. One of the major reasons District of Columbia tax burdens are above the average is the restriction on the District's taxing authority mandated by Congress. Factors such as the prohibition on taxing non-resident income, plus the large percentage of tax-exempt federal property (over forty-one percent of District acreage is tax-exempt), have combined to create difficult conditions under which to raise revenues to operate the city. Some of the positive factors which tend to increase the District tax base include substantial tourist activity as well as large volume of business and lobbying activity generated by the federal presence.

**TABLE 11**  
**TAX BURDENS IN WASHINGTON, D.C. COMPARED WITH THE AVERAGE FOR**  
**THE LARGEST CITY IN EACH STATE BY INCOME CLASS, 1997**

DISTRICT OF COLUMBIA		AVERAGE FOR CITIES LEVYING TAX <sup>1/</sup>		PERCENT DIFFERENCE
<b>\$25,000 INCOME LEVEL</b>				
Income	\$1,147		\$512	124.0%
Property	340		823	-58.6%
Sales	491		569	-13.6%
Auto	224		250	-10.2%
TOTAL	DC <b>\$2,203</b>	51 CITY AVERAGE	<b>\$2,027</b>	<b>8.7%</b>
<b>\$50,000 INCOME LEVEL</b>				
Income	\$2,691		\$1,755	53.4%
Property	909		1,651	-44.9%
Sales	842		889	-5.3%
Auto	218		254	-14.1%
TOTAL	DC <b>\$4,660</b>	51 CITY AVERAGE	<b>\$4,221</b>	<b>10.4%</b>
<b>\$75,000 INCOME LEVEL</b>				
Income	\$4,719		\$3,107	51.9%
Property	1,507		2,547	-40.8%
Sales	1,343		1,355	-0.9%
Auto	363		435	-16.5%
TOTAL	DC <b>\$7,933</b>	51 CITY AVERAGE	<b>\$6,885</b>	<b>15.2%</b>
<b>\$100,000 INCOME LEVEL</b>				
Income	\$6,840		\$4,544	50.5%
Property	1,986		3,263	-39.1%
Sales	1,792		1,807	-0.8%
Auto	366		504	-27.4%
TOTAL	DC <b>\$10,984</b>	51 CITY AVERAGE	<b>\$9,318</b>	<b>17.9%</b>
<b>\$150,000 INCOME LEVEL</b>				
Income	\$11,037		\$7,465	47.9%
Property	2,944		4,701	-37.4%
Sales	2,686		2,694	-0.3%
Auto	366		577	-36.6%
TOTAL	DC <b>\$17,033</b>	51 CITY AVERAGE	<b>\$14,148</b>	<b>20.4%</b>
<sup>1/</sup> Averages based on cities actually levying each tax. The total average is not presented because each jurisdiction may use only some of the taxes specified.				

## CHAPTER V

### Why Do Tax Burdens Differ From One City To Another?

---

In the preceding chapters, the differences among tax burdens for the largest city in each state in the United States are discussed. The assumptions used to compute the various tax burdens will affect to some extent the relative tax burdens for the 51 cities. This is especially true for the real estate tax, because both the methodology used to derive housing values and the relative housing values from one income level to another and from one city to another are important determinants of the real property tax burden. However, no matter what set of assumptions is used in such a study, there will be substantial tax burden differences from one city to another. Some of the reasons for these differences are as follows:

- 1) This study only measures major state and local tax burdens for individuals. Business tax burdens also differ substantially from one city to another. Many cities, because of a large manufacturing base or because of a dominant industry, can shift a large portion of the tax burden away from individuals to businesses. Cities in natural resource states, for example, may shift a substantial portion of the tax burden to industry, thus exporting, to some extent, their local government tax burden. Convention and tourist activity in cities such as Chicago, Washington, D.C., New York City and Las Vegas can help reduce local tax burdens by increasing sales tax, gasoline tax and parking tax revenues from non-residents, another form of tax exporting.
- 2) Service demands in each of the 51 cities may vary a great deal. Cold weather services, such as snow removal, in northern cities may increase costs. Furthermore, citizens of some cities simply desire, or are accustomed to, more government services than residents of other cities.
- 3) The costs of providing services may differ substantially from one city to another. Wage levels, efficiency of the work force and costs of overhead items, such as utilities, may be very different.
- 4) The tax base of each city is different. Cities that have a relatively large percentage of employed residents will normally have a broad tax base.

This type of city can levy taxes at lower rates than can those with low levels of employment or high levels of exempt property. The tax base can be restricted by external forces such as the federal presence in Washington, D.C. The tax

base can also be defined by the scope of a particular tax. For example, it is desirable from a social point of view to exempt groceries from the sales tax; however, such an exemption can narrow the sales tax base and may require a higher sales tax rate in order to raise sufficient revenues.

- 5) The proportion of public versus private services may differ from one city to another. Some cities may provide services such as garbage collection and hospital care, while in other cities, the private sector may perform these services for a fee.

As a result, a city in which the private sector performs such functions may have a lower tax burden than one in which these functions are performed by the city. In these instances, the fees charged by the private sector represent payments by individuals for public services that are not reflected in tax burdens.

- 6) Certain taxes that are not discussed in this study may affect state and local tax burdens. Taxes not covered by the study, which are levied on individuals, include liquor and cigarette taxes and taxes on public utility bills.
- 7) The state and local tax burdens in this study are computed without regard to their effect on the federal tax burden of individuals in the respective cities. To some extent, high state and local income and property taxes can be used to partially alleviate federal tax burdens through itemized deductions.

As noted in Chapter V, the number and kind of public services each city provides necessarily has a bearing on the amount of revenue that must be raised. The tax burden comparisons in this report must be studied in the context of these differing conditions.

TABLE 12  
THE LARGEST CITY IN EACH STATE 1/  
(1990 CENSUS OF POPULATION)

STATE	CITY	1990 POPULATION	1980 POPULATION	PERCENT DIFFERENCE
Alabama	Birmingham	265,968	284,413	-6.5%
Alaska	Anchorage	226,338	173,017	30.8%
Arizona	Phoenix	983,403	789,704	24.5%
Arkansas	Little Rock	175,795	158,461	10.9%
California	Los Angeles	3,485,398	2,966,763	17.5%
Colorado	Denver	467,610	491,396	-4.8%
Connecticut	Bridgeport	141,686	142,546	-0.6%
Delaware	Wilmington	71,529	70,195	1.9%
Florida	Jacksonville	672,971	540,898	24.4%
Georgia	Atlanta	394,017	425,020	-7.3%
Hawaii	Honolulu	377,059	365,048	3.3%
Idaho	Boise	125,738	102,451	22.7%
Illinois	Chicago	2,783,726	3,005,072	-7.4%
Indiana	Indianapolis	731,327	700,807	4.4%
Iowa	Des Moines	193,187	191,003	1.1%
Kansas	Wichita	304,011	279,272	8.9%
Kentucky	Louisville	269,063	298,451	-9.8%
Louisiana	New Orleans	496,938	557,482	-10.9%
Maine	Portland	64,358	61,572	4.5%
Maryland	Baltimore	736,014	786,775	-6.5%
Massachusetts	Boston	574,283	562,994	2.0%
Michigan	Detroit	1,027,974	1,203,339	-14.6%
Minnesota	Minneapolis	368,383	370,951	-0.7%
Mississippi	Jackson	196,637	202,895	-3.1%
Missouri	Kansas City	435,146	448,159	-2.9%
Montana	Billings	81,151	66,798	21.5%
Nebraska	Omaha	335,795	311,681	7.7%
Nevada	Las Vegas	258,295	164,674	56.9%
New Hampshire	Manchester	99,567	90,936	9.5%
New Jersey	Newark	275,221	329,248	-16.4%
New Mexico	Albuquerque	384,736	331,767	16.0%
New York	New York City	7,322,564	7,071,030	3.6%
North Carolina	Charlotte	395,934	314,447	25.9%
North Dakota	Fargo	74,111	61,308	20.9%
Ohio	Columbus	632,910	564,871	12.0%
Oklahoma	Oklahoma City	444,719	403,213	10.3%
Oregon	Portland	437,319	366,383	19.4%
Pennsylvania	Philadelphia	1,585,577	1,688,210	-6.1%
Rhode Island	Providence	160,728	156,804	2.5%
South Carolina	Columbia	98,052	99,296	-1.3%
South Dakota	Sioux Falls	100,814	81,343	23.9%
Tennessee	Memphis	610,337	646,356	-5.6%
Texas	Houston	1,630,553	1,594,086	2.3%
Utah	Salt Lake City	159,936	163,033	-1.9%
Vermont	Burlington	39,127	37,712	3.8%
Virginia	Virginia Beach	393,069	262,199	49.9%
Washington	Seattle	516,259	493,846	4.5%
West Virginia	Charleston	57,287	63,968	-10.4%
Wisconsin	Milwaukee	628,088	636,212	-1.3%
Wyoming	Cheyenne	50,008	47,283	5.8%
<b>Washington, DC</b>		<b>606,900</b>	<b>637,651</b>	<b>-4.8%</b>

1/ Final counts published in 1990 Census Advance Reports by state series, PHC 80-V.

## **Part II**

# **A Comparison of Selected Tax Rates In The District of Columbia With Those In The 50 States As of January 1, 1998**

---

## Overview

As can be seen from a review of the major taxes compared in this report, the tax rates in the District of Columbia are among the highest in the nation. Of the 13 taxes compared, District tax categories that are higher than in most of the states include: cigarette; corporate income; individual income; insurance premiums; deed recordation; motor vehicle excise; motor vehicle registration fees; motor fuel; and sales and use. In three tax categories -- beer, dessert wine, and distilled spirits, the District has lower tax rates than most states (page 48).

**TABLE 13**  
**COMPARISON OF SELECTED STATE TAX RATES**  
**NUMBER OF JURISDICTIONS**

Tax	Levying Tax	Lower Than DC	Same As DC	Higher Than DC
Beer	50	8	2	40
Cigarette	50	47	0	3
Corporate Income	44	41	0	3
Deed recordation	36	36	0	0
Light Wine	46	6	2	38
Distilled Spirits	32	0	1	31
Individual Income	44 1/	35 2/	0	7 2/
Inheritance and Estate	50 3/	0	24	26
Insurance	50	29	7	14
Motor Fuel	50	29	5	16
Motor Vehicle Excise				
Light Cars <3,500 lbs.	47	33	8	6
Heavy Cars >3,500 lbs.	47	45	1	1
Motor Vehicle Registration 4/	49	45	0	4
Sales and Use	45	30	0	15

1/ Includes two states, which tax dividends and/or interest only.

2/ Comparisons are based on highest comparable rate in each jurisdiction. Those based on federal liability are not included.

3/ Including tax to absorb federal credit.

4/ Heavy cars (> 3,500 lbs.)

**TABLE 14**  
**INDIVIDUAL INCOME TAX**  
**WASHINGTON METROPOLITAN AREA**  
**JANUARY 1, 1998**

PERSONAL EXEMPTIONS (CREDITS)	TAXABLE INCOME		RATES
<b><u>DISTRICT OF COLUMBIA</u></b>			
Single	\$1,370	\$ 0-\$10,000	6.0%
Married Filing Separate	\$1,370	\$10,001-\$20,000	\$ 600 + 8.0% of excess of >\$10,000
Married Filing Jointly	\$2,740	Over \$20,000	\$1,400 + 9.5% of excess of >\$20,000
Head of Household	\$2,740		
Dependent (additional)	\$1,370		
Blind (additional)	\$1,370		
Age 65 and over (addnl)	\$1,370		
Standard	1/		
<b><u>MARYLAND</u></b>			
Single	\$1,750	\$ 0-\$ 1,000	2.0%
Married Filing Separately	\$1,750	\$ 1,001-\$ 2,000	\$ 20 + 3.0% of excess >\$ 1,000
Married Filing Jointly	\$3,500	\$ 2,001-\$ 2,000	\$ 50 + 4.0% of excess >\$ 2,000
Head of Household	\$1,750	Over \$ 3,000	\$ 90 + 4.875% of excess >\$ 3,000
Dependent (additional)	\$1,750		
Blind (additional)			
Age 65 and over (addnl)	\$1,000		
Standard	2/		
<b><u>VIRGINIA</u></b>			
Single	\$ 800	\$ 0-\$ 3,000	2.0%
Married Filing Separately	\$ 800	\$ 3,001-\$ 5,000	\$ 60 + 3.0% of excess >\$ 3,000
Married Filing Jointly	\$1,600	\$ 5,001-\$17,000	\$ 120 + 5.0% of excess >\$ 5,000
Head of Household	\$ 800	Over \$17,000	\$ 720 + 5.75% of excess >\$17,000
Dependent (additional)	\$ 800		
Blind (additional)	\$ 800		
Age 65 and over (addnl)	\$ 800		
Standard	3/		

1/Married persons filing separately - \$1,000; all others - \$2,000.

2/15% of Maryland AGI not to exceed \$2,000 (\$4,000 for joint and head of household returns and those filing as qualifying widow(er) with dependent child). The minimum is \$1,500 for single, married filing combined separate returns, married filing separately and dependent taxpayers. All others are allowed a minimum of \$3,000.

3/Single - \$3,000; married persons filing separately - \$2,500; and married persons filing jointly or combined separate - \$5,000.

TABLE 15

INDIVIDUAL INCOME TAX  
43 STATES AND DISTRICT OF COLUMBIA  
AS OF JANUARY 1, 1998

PERSONAL EXEMPTIONS (CREDITS)				RATES AND TAXABLE INCOME BRACKETS			
SINGLE	M/J	DEPENDENTS		RATE	MINIMUM UP TO	MAXIMUM RATE	OVER
<b>Alabama</b> 1/ \$1,370	\$2,740	\$1,370	S,HH,M M/J	2.0% 2.0%	\$ 500 1,000	5.0% 5.0%	\$ 3,000 6,000
<b>Arizona</b> \$2,100	\$4,200 \$6,300 2/ (\$60) 3/	\$2,300 (\$30) 3/	S,M/S M/J,HH	2.90% 2.90%	\$ 10,000 20,000	5.17% 5.17%	\$150,000 300,000
<b>Arkansas</b> (\$20)	(\$40)	(\$20)		1.0%	\$ 2,999	7.0%	\$ 25,000
<b>California</b> (\$67)	(\$134)	(\$67)	M/S,S HH SS,M/J	1.0% 1.0% 1.0%	\$ 4,908 9,817 9,816	9.3% 9.3% 9.3%	\$ 32,207 43,839 64,414
<b>Colorado</b>							5.0% of federal taxable income with certain modifications.
<b>Connecticut</b> \$12,000	\$24,000						4.5% of federal adjusted gross income with certain modifications.
<b>Delaware</b> (\$ 100)	(\$ 200)	(\$100)		3.1%	\$ 5,000	6.9%	\$ 30,000
<b>District of Columbia</b> \$1,370	\$2,740	\$1,370		6.0%	\$ 10,000	9.5%	\$ 20,000
<b>Georgia</b> \$1,500	\$3,000	\$2,000	M/S S HH,M/J	1.0% 1.0% 1.0%	\$ 500 750 1,000	6.0% 6.0% 6.0%	\$ 5,000 7,000 10,000
<b>Hawaii</b> \$1,040	\$2,080	\$1,040	M/S,S HH SS,M/J	2.0% 2.0% 2.0%	\$ 1,500 1,500 3,000	10.0% 10.0% 10.0%	\$ 20,500 41,000 41,000

1/ Does not include various local income taxes.

2/ If married filing joint with at least one dependent.

3/ If M/J, HH and FAGI does not exceed \$20,000 or M/S, S and FAGI does not exceed \$10,000. Limit of credit for M/J, HH is \$120 and for M/S, S is \$60.

TABLE 15 (continued)

INDIVIDUAL INCOME TAX  
43 STATES AND DISTRICT OF COLUMBIA  
AS OF JANUARY 1, 1998

PERSONAL EXEMPTIONS (CREDITS)				RATES AND TAXABLE INCOME BRACKETS			
SINGLE	M/J	DEPENDENTS		RATE	MINIMUM UP TO	MAXIMUM RATE	OVER
<b>Idaho</b> <sup>1/</sup>							
\$2,500	\$5,000	\$2,500	S	2.0%	\$ 1,000	8.2%	\$ 20,000
			M/J	2.0%	2,000	8.2%	40,000
<b>Illinois</b>							
\$1,000	\$2,000	\$1,000				3.0% of taxable net income.	
<b>Indiana</b> <sup>2/</sup>							
\$1,000	\$2,000	\$1,000				3.4% of federal adjusted gross income.	
<b>Iowa</b>							
(\$20)	(\$40)	(\$40)		0.4%	\$ 1,112	9.98%	\$ 50,000
<b>Kansas</b>							
\$2,000	\$4,000	\$2,000	S,M/S	4.1%	\$ 20,000	7.75%	\$ 30,000
			M/J	3.5%	30,000	6.45%	60,000
<b>Kentucky</b>							
(\$20)	(\$40)	(\$20)		2.0%	\$ 3,000	6.0%	\$ 8,000
<b>Louisiana</b>							
\$4,500	\$9,000	\$1,000	S,M/S,HH	2.0%	\$ 10,000	6.0%	\$ 50,000
			M/J	2.0%	20,000	6.0%	100,000
<b>Maine</b>							
\$2,150	\$4,300	\$2,150	S,M/S	2.0%	\$ 4,150	8.5%	\$ 16,500
			HH	2.0%	6,200	8.5%	24,750
			M/J	2.0%	8,250	8.5%	33,000
<b>Maryland</b> <sup>2/</sup>							
\$1,750	\$3,500	\$1,750	S,M/S,D	2.0%	\$ 1,000	4.875%	\$ 3,000
			M/J,HH,QW	2.0%	1,000	4.875%	3,000
<b>Massachusetts</b>							
\$2,630	\$4,065	\$1,000		5.95%	(earned)	12.0%	(unearned)
				Capital Gains:		12.0%	< 1 yr holding
						5.0%	1-2 yrs holding
						4.0%	> 2 yrs holding
<b>Michigan</b> <sup>2/</sup>							
\$2,500	\$5,000	\$2,500				4.4% of federal adjusted gross income.	

1/ Does not include filing fee of \$10.

2/ Does not include various local income taxes.

TABLE 15 (continued)

INDIVIDUAL INCOME TAX

43 STATES AND DISTRICT OF COLUMBIA  
AS OF JANUARY 1, 1998

PERSONAL EXEMPTIONS (CREDITS)				RATES AND TAXABLE INCOME BRACKETS			
SINGLE	M/J	DEPENDENTS		RATE	MINIMUM UP TO	MAXIMUM RATE	OVER
<b>Minnesota</b>							
\$2,450	\$4,900	\$2,450	M/S	6.0%	\$ 10,800	8.5%	\$ 42,920
			S	6.0%	14,780	8.5%	48,550
			HH	6.0%	18,190	8.5%	73,110
			M/J	6.0%	21,600	8.5%	85,830
<b>Mississippi</b>							
\$6,000	\$9,500	\$1,500		3.0%	\$ 5,000	5.0%	\$ 10,000
<b>Missouri 1/</b>							
\$1,200	\$2,400	\$ 400		1.5%	\$ 1,000	6.0%	\$ 9,000
<b>Montana</b>							
\$1,550	\$3,100	\$1,500		2.0%	\$ 1,900	11.0%	\$ 67,900
<b>Nebraska</b>							
(\$86)	(\$172)	(\$86)	S,M/S	2.51%	\$ 2,400	6.68%	\$ 26,500
			M/J,H/H	2.51%	4,000	6.68%	46,750
<b>New Hampshire</b>							
\$1,200	\$1,200	---		5.0% on dividend and interest income over \$1,200.			
<b>New Jersey</b>							
\$1,000	\$2,000	\$1,500	S,M/S	1.4%	\$ 20,000	6.37%	\$ 75,001
			HH,M/J	1.4%	20,000	6.37%	150,001
<b>New Mexico</b>							
\$2,550	\$2,550	\$2,550	M/S	1.7%	\$ 4,000	8.5%	\$ 50,000
			S	1.7%	5,500	8.5%	65,000
			HH	1.7%	7,000	8.5%	83,000
			M/J	1.7%	8,000	8.5%	100,000
<b>New York</b>							
---	---	\$1,000	S,M/S	4.0%	\$ 8,000	6.85%	\$ 20,000
			HH	4.0%	11,000	6.85%	30,000
			M/J	4.0%	16,000	6.85%	40,000
<b>North Carolina 2/</b>							
\$2,500	\$5,000	\$2,500	M/S	6.0%	\$10,625	7.75%	\$ 50,000
			S	6.0%	12,750	7.75%	60,000
			HH	6.0%	17,000	7.75%	80,000
			M/J,SS	6.0%	21,250	7.75%	100,000
<b>North Dakota 3/</b>							
---	---	---		14.0% of federal liability before credits			

1/ Does not include various local income taxes.

2/ A taxpayer whose Federal AGI is >= the threshold amounts shown is allowed a personal exemption of \$2,000 and \$2,000 for each dependent.

3/ Rates based on "short form" filing method.

TABLE 15 (continued)

INDIVIDUAL INCOME TAX

43 STATES AND DISTRICT OF COLUMBIA  
AS OF JANUARY 1, 1998

PERSONAL EXEMPTIONS (CREDITS)				RATES AND TAXABLE INCOME BRACKETS			
SINGLE	M/J	DEPENDENTS		RATE	MINIMUM UP TO	MAXIMUM RATE	OVER
<b>Ohio</b> 1/							
\$ 950	\$1,900	\$1,050		0.7137%	\$ 5,000	7.201%	\$200,000
(\$20)	(\$40)	(\$20)					
<b>Oklahoma</b>							
\$1,000	\$2,000	\$1,000	S,M/S	0.5%	\$ 1,000	7.0%	\$ 10,000
(With no federal deduction)		SS,HH,M/J	0.5%	2,000	7.0%	21,000	
(With Federal Deduction)			S,M/S	0.5%	1,000	10.0%	16,000
			SS,HH,M/J	0.5%	2,000	10.0%	24,000
<b>Oregon</b> 1/							
(\$128)	(\$256)	(\$128)	S,M/S	5.0%	\$ 2,250	9.0%	\$ 5,700
			HH,M/J	5.0%	4,500	9.0%	\$ 11,400
<b>Pennsylvania</b> 1/							
---	---	---			2.8% of specified classes of taxable income is effective rate.		
<b>Rhode Island</b>							
---	---	---			27.5% of modified federal income tax liability.		
<b>South Carolina</b>							
\$2,650	\$5,300	\$2,650		2.5%	\$ 2,280	7.0%	\$ 11,400
<b>Tennessee</b>							
\$1,250	\$2,500	---			6.0% on interest and dividend income.		
<b>Utah</b>							
\$1,875	\$3,750	\$1,875	M/S,S	2.55%	\$ 750	7.2%	\$ 3,750
			HH,M/J	2.55%	1,500	7.2%	7,500
<b>Vermont</b>							
---	---	---			25% of federal income tax liability.		
<b>Virginia</b>							
\$ 800	\$1,600	\$ 800		2.0%	\$ 3,000	5.75%	\$ 17,000
<b>West Virginia</b>							
\$2,000	\$4,000	\$2,000	M/S	3.0%	\$ 5,000	6.5%	\$ 30,000
			S,SS,M/J,HH	3.0%	10,000	6.5%	60,000
<b>Wisconsin</b>							
---	---	(\$50)	M/S	4.85%	\$ 5,000	6.87%	\$ 10,000
			S	4.85%	7,500	6.87%	15,000
			M/J	4.85%	10,000	6.87%	20,000

1/ Does not include various local income taxes.

TABLE 16  
CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

Jurisdiction	Federal Income Tax Deductible	No Income Tax	With- Holding	Federal Definition Of Income For State Tax Base	State Definition Of Income For State Tax Base	Federal Tax Liability For State Tax Base
Alabama	AL		AL		AL	
Alaska		AK				
Arizona			AZ		AZ	
Arkansas			AR		AR	
California			CA	CA		
Colorado			CO	CO		
Connecticut			CT	CT	CT	
Delaware			DE	DE		
<b>DISTRICT OF COLUMBIA</b>			<b>DC</b>	<b>DC</b>		
Florida		FL				
Georgia			GA	GA		
Hawaii			HI	HI		
Idaho			ID	ID		
Illinois			IL	IL		
Indiana			IN	IN		
Iowa	IA		IA	IA		
Kansas			KS	KS		
Kentucky			KY	KY		
Louisiana	LA		LA	LA		
Maine			ME	ME		
<b>MARYLAND</b>			<b>MD</b>	<b>MD</b>		
Massachusetts			MA	MA		
Michigan			MI	MI		
Minnesota			MN	MN		
Mississippi			MS		MS	
Missouri	MO		MO	MO		
Montana	MT		MT	MT		
Nebraska			NE	NE		
Nevada		NV				
New Hampshire						NH

TABLE 16 (continued)

CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

Jurisdiction	Federal Income Tax Deductible	No Income Tax	With- Holding	Federal Definition Of Income For State Tax Base	State Definition Of Income For State Tax Base	Federal Tax Liability For State Tax Base
New Jersey			NJ		NJ	
New Mexico			NM	NM		
New York			NY	NY		
North Carolina			NC	NC		
North Dakota	ND		ND		ND	
Ohio			OH	OH		
Oklahoma	OK		OK	OK		
Oregon	OR 1/		OR	OR		
Pennsylvania			PA		PA	
Rhode Island			RI			RI
South Carolina			SC	SC		
South Dakota		SD				
Tennessee					TN	
Texas		TX				
Utah	UT 1/		UT	UT		
Vermont			VT			VT
<b>VIRGINIA</b>			<b>VA</b>	<b>VA</b>		
Washington		WA				
West Virginia			WV	WV		
Wisconsin			WI	WI		
Wyoming		WY				

1/ Federal deductibility is limited.

**TABLE 17**  
**STATE CORPORATION INCOME TAX RATES**  
**(Maximum Rates)**

**DISTRICT OF COLUMBIA: 9.975%**

<b>LOWER THAN THE DISTRICT</b>			
<b>41 STATES</b>			
Alabama	5.00%	New Mexico	7.60%
Colorado	5.00%	Nebraska	7.81%
Mississippi	5.00%	Indiana	7.90%
South Carolina	5.00%	Wisconsin	7.90%
Utah	5.00%	Idaho	8.00%
Florida	5.50%	Louisiana	8.00%
Georgia	6.00%	Kentucky	8.25%
Oklahoma	6.00%	Vermont	8.25%
Tennessee	6.00%	Delaware	8.70%
<b>VIRGINIA</b>	<b>6.00%</b>	California	8.84%
Missouri	6.25%	Ohio	8.90%
Hawaii	6.40%	Maine	8.93%
Arkansas	6.50%	Arizona	9.00%
Oregon	6.60%	New Jersey	9.00%
Montana	6.75%	New York	9.00%
North Dakota	6.83%	Rhode Island	9.00%
<b>MARYLAND</b>	<b>7.00%</b>	West Virginia	9.00%
New Hampshire	7.00%	Alaska	9.40%
North Carolina	7.25%	Massachusetts	9.50%
Illinois	7.30%	Minnesota	9.80%
Kansas	7.35%		
<b>HIGHER THAN THE DISTRICT</b>			
<b>3 STATES</b>			
Pennsylvania	9.99%	Iowa	12.00%
Connecticut	10.50%		
<b>NO TAX</b>			
<b>6 STATES</b>			
Michigan (Single Business Tax)		Texas	
Nevada		Washington (Gross Receipts Tax)	
South Dakota		Wyoming	

**TABLE 18**  
**STATE GROSS PREMIUMS TAX RATES ON FOREIGN LIFE INSURERS**  
**DISTRICT OF COLUMBIA: 2.25%**

<b>LOWER THAN THE DISTRICT</b>			
<b>29 STATES</b>			
South Carolina	0.75%	Maine	2.00%
New York 1/	0.80%	<b>MARYLAND</b>	<b>2.00%</b>
Nebraska	1.00%	Massachusetts	2.00%
Oregon	1.00%	Minnesota	2.00%
Michigan	1.30%	Missouri	2.00%
Florida	1.75%	New Hampshire	2.00%
Connecticut	1.75%	North Dakota	2.00%
Tennessee	1.85%	Pennsylvania	2.00%
North Carolina	1.90%	Rhode Island	2.00%
Arizona	2.00%	Texas	2.00%
Delaware	2.00%	Vermont	2.00%
Indiana	2.00%	Washington	2.00%
Iowa	2.00%	Wisconsin	2.00%
Kansas	2.00%	New Jersey	2.10%
Kentucky	2.00%		
<b>SAME AS THE DISTRICT</b>			
<b>7 STATES</b>			
Colorado	2.25%	Oklahoma	2.25%
Georgia	2.25%	Utah	2.25%
Louisiana	2.25%	<b>VIRGINIA</b>	<b>2.25%</b>
<b>HIGHER THAN THE DISTRICT</b>			
<b>14 STATES</b>			
California	2.35%	Montana	2.75%
Arkansas	2.50%	Alabama	2.90%
Ohio	2.50%	Idaho	3.00%
South Dakota	2.50%	Mississippi	3.00%
Wyoming	2.50%	New Mexico	3.00%
Alaska	2.70%	West Virginia	3.00% 2/
Hawaii	2.75%	Nevada	3.50%
<b>NO TAX</b>			
<b>1 STATE</b>			
Illinois			

1/ Does not include local premiums taxes.

2/ An additional 1% premium tax for fire and casualty insurance. There is also a surcharge on fire and casualty insurance policyholders that is equal to 1% of the gross direct premium paid on each policy.

3/ Illinois Supreme Court ruled unconstitutional on 10/23/97.

**TABLE 19**  
**STATE GENERAL SALES AND USE TAX RATES**  
**DISTRICT OF COLUMBIA: 5.75%**

<b>LOWER THAN THE DISTRICT</b>			
<b>30 STATES</b>			
Nevada (4.5)	2.00%	Kansas (1%)	4.90%
Colorado (4.2%)	3.00%	Arizona	5.00%
<b>VIRGINIA (1%)</b>	<b>3.50%</b>	Idaho	5.00%
Alabama (3%)	4.00%	Indiana	5.00%
Georgia (3%)	4.00%	Iowa (1%)	5.00%
Hawaii	4.00%	<b>MARYLAND</b>	<b>5.00%</b>
Louisiana (5%)	4.00%	Massachusetts	5.00%
New York (4.25%)	4.00%	Nebraska (1.5%)	5.00%
North Carolina (2%)	4.00%	New Mexico (1.44%)	5.00%
South Dakota (2%)	4.00%	North Dakota (1.0%)	5.00%
Wyoming (1%)	4.00%	Ohio (3%)	5.00%
Arkansas (4.625%)	4.50%	South Carolina	5.00%
Oklahoma (5%)	4.50%	Vermont	5.00%
Missouri (5.3125%)	4.50%	Wisconsin (.5%)	5.00%
Utah (1.25%)	4.875%	California (3.0%)	5.50%
<b>HIGHER THAN THE DISTRICT</b>			
<b>15 STATES</b>			
Connecticut	6.00%	West Virginia	6.00%
Florida	6.00%	Illinois (3%)	6.25%
Kentucky	6.00%	Texas (2%)	6.25%
Maine	6.00%	Minnesota (.5%)	6.50%
Michigan	6.00%	Washington (2.1%)	6.50%
New Jersey	6.00%	Mississippi	7.00%
Pennsylvania	6.00%	Rhode Island	7.00%
Tennessee (2.75%)	6.00%		
<b>NO TAX</b>			
<b>5 STATES</b>			
Alaska			
Delaware			
Montana			
New Hampshire			
Oregon			

Note: Maximum local rates in parentheses

**TABLE 20**  
**STATE BEER TAX RATES**  
 (Per Gallon, Alcoholic Content of 4.5%) <sup>1/</sup>

**DISTRICT OF COLUMBIA: \$0.09**

<b>LOWER THAN THE DISTRICT 8 STATES</b>			
Wyoming	\$ .02	Colorado	\$ .08
Missouri	.06	Kentucky	.08
Wisconsin <sup>2/</sup>	.06	Oregon	.08
Illinois	.07	Pennsylvania	.08
<b>SAME AS THE DISTRICT 2 STATES</b>			
<b>MARYLAND</b>	<b>\$ .09</b>	Nevada	\$ .09
<b>HIGHER THAN THE DISTRICT 40 STATES</b>			
Rhode Island <sup>2/</sup>	\$ .10	Arkansas	\$ .23
Massachusetts	.11	Nebraska	.23
Indiana	.12	<b>VIRGINIA</b>	<b>.26</b>
New Jersey	.12	Washington <sup>2/</sup>	.26
Tennessee <sup>3/</sup>	.13	South Dakota	.27
Montana	.14	Vermont	.27
Minnesota <sup>2/</sup>	.15	Louisiana	.32
Idaho	.15	Alaska	.35
Delaware	.156	Maine	.35
Arizona	.16	New Hampshire	.35
New York	.16	Utah	.3548
North Dakota <sup>4/</sup>	.16	Oklahoma	.40
Kansas	.18	New Mexico	.41
Ohio	.18	Mississippi	.43
West Virginia	.18	Florida	.48
Connecticut	.19	Georgia	.48
Iowa	.19	North Carolina <sup>5/</sup>	.48
Texas	.19	Alabama	.53
California	.20	South Carolina	.77
Michigan	.20	Hawaii	.91

<sup>1/</sup> Rates per 31-gallon barrel have been converted to rates per gallon. In some cases this required rounding of the per gallon rate.

<sup>2/</sup> Lower rates for small brewers.

<sup>3/</sup> Additional tax of 17% of wholesale price.

<sup>4/</sup> \$.08 per gallon for buck beer

<sup>5/</sup> Rate is \$.48 per gallon for barrels greater or equal to 7.75 gallons, and \$.53 per gallon for containers less than 7.75 gallons.

**TABLE 21**  
**STATE LIGHT WINE TAX RATES**  
**(Per Gallon, Alcoholic Content of 12%)**  
**DISTRICT OF COLUMBIA: \$0.30**

<b>MONOPOLY STATES</b>			
<b>4 STATES</b>			
New Hampshire		Utah	
Pennsylvania		Wyoming	

<b>LOWER THAN THE DISTRICT</b>			
<b>6 STATES</b>			
Louisiana	\$ .11	Texas	\$ .20
New York	.19	Illinois	.23
California	.20	Wisconsin	.25

<b>SAME AS THE DISTRICT</b>			
<b>2 STATES</b>			
Kansas	\$ .30	Minnesota	\$ .30

<b>HIGHER THAN THE DISTRICT</b>			
<b>38 STATES</b>			
Ohio	\$ .32	Arkansas	\$ .75
Colorado	.32	Nebraska	.75
Mississippi	.35	North Carolina	.79
Missouri	.36	Arizona	.84
<b>MARYLAND</b>	<b>.40</b>	Alaska	.85
Nevada	.40	Washington	.87
Idaho	.45	South Carolina	.90
Indiana	.47	South Dakota	.93
Kentucky	.50	Delaware	.97
North Dakota	.50	West Virginia	1.00
Michigan	.51	Montana	1.02
Massachusetts	.55	Tennessee	1.10
Vermont	.55	Hawaii	1.36
Connecticut	.60	Georgia	1.51
Maine	.60	<b>VIRGINIA</b>	<b>1.51</b>
Rhode Island	.60	Alabama	1.70
Oregon	.67	Iowa	1.75
New Jersey	.70	New Mexico	1.90
Oklahoma	.72	Florida	2.25

**TABLE 22**  
**STATE DISTILLED SPIRITS TAX RATES**

(Per Gallon)

**DISTRICT OF COLUMBIA: \$ 1.50**

<b>CONTROL BOARD STATES</b> <b>18 STATES</b>	
Alabama Idaho Iowa Maine Michigan  Mississippi Montana New Hampshire North Carolina	Ohio Oregon Pennsylvania Utah Vermont  <b>VIRGINIA</b> Washington West Virginia Wyoming

<b>SAME AS THE DISTRICT</b> <b>1 STATE</b>	
<b>MARYLAND</b>	<b>\$ 1.50</b>

<b>HIGHER THAN THE DISTRICT</b> <b>31 STATES</b>			
Kentucky	\$ 1.92	Rhode Island	\$ 3.75
Illinois	2.00	Delaware	3.75 <sup>1/</sup>
Missouri	2.00	Georgia	3.79
Nevada	2.05	South Dakota	3.93
Colorado	2.28	Tennessee	4.00
			4.05
Texas	2.40	Massachusetts	
Arkansas	2.50	New Jersey	4.40
Kansas	2.50	Connecticut	4.50
Louisiana	2.50	Minnesota	5.03
North Dakota	2.50	Oklahoma	5.56
Indiana	2.68	Alaska	5.60
South Carolina	2.72	Hawaii	5.92
Arizona	3.00	New York	6.44
Nebraska	3.00	Florida	6.50
Wisconsin	3.25	New Mexico	6.76
California	3.30		

1/ Spirits with more than 25% ethyl alcohol. Spirits with less than 25% ethyl alcohol by volume at \$2.50/gallon.

**TABLE 23**  
**STATE CIGARETTE TAX RATES**

(Per Pack of 20)

**DISTRICT OF COLUMBIA: \$ .65**

<b>LOWER THAN THE DISTRICT 45 STATES</b>			
<b>VIRGINIA</b>	<b>\$ .025</b>	Pennsylvania	\$ .31
Kentucky	.03	Arkansas	.315
North Carolina	.05	South Dakota	.33
South Carolina	.07	Florida	.339
Georgia	.12	Nebraska	.34
Wyoming	.12	Nevada	.35
Tennessee	.13	Iowa	.36
Indiana	.155	<b>MARYLAND</b>	<b>.36</b>
Alabama	.165	California	.37
Missouri	.17	New Hampshire	.37
West Virginia	.17	New Jersey	.40
Mississippi	.18	Texas	.41
Montana	.18	North Dakota	.44
Colorado	.20	Vermont	.44
Louisiana	.20	Minnesota	.48
New Mexico	.21	Connecticut	.50
Oklahoma	.23	New York	.56
Delaware	.24	Arizona	.58
Kansas	.24	Illinois	.58
Ohio	.24	Wisconsin	.59
Utah	.265	Hawaii	.60
Idaho	.28	Rhode Island	.61
Alaska	.29		

<b>HIGHER THAN THE DISTRICT 5 STATES</b>	
Oregon	\$ .68
Maine	.74
Michigan	.75
Massachusetts	.76
Washington	.825

**TABLE 24**  
**MOTOR FUEL TAX RATES**

(Per Gallon)

**DISTRICT OF COLUMBIA: \$ .20**

<b>LOWER THAN THE DISTRICT</b>			
<b>28 STATES</b>			
Florida	\$ .04	Oklahoma	\$ .17
Georgia	.075	Tennessee	.17
Alaska	.08	<b>VIRGINIA</b>	<b>.175</b>
New York	.08	Arizona	.18
Wyoming	.09	California	.18
New Jersey	.105	Kansas	.18
Indiana	.15	Mississippi	.18
Kentucky	.15	New Hampshire	.18
Vermont	.15	South Dakota	.18
Alabama	.16	Arkansas	.186
Hawaii	.16	Illinois	.19
South Carolina	.16	Maine	.19
Missouri	.17	Michigan	.19
New Mexico	.17	Utah	.19

<b>SAME AS THE DISTRICT</b>			
<b>5 STATES</b>			
Iowa	\$ .20	North Dakota	\$ .20
Louisiana	.20	Texas	.20
Minnesota	.20		

<b>HIGHER THAN THE DISTRICT</b>			
<b>17 STATES</b>			
West Virginia	\$ .205	Oregon	\$ .24
Massachusetts	.21	Wisconsin	.248
Colorado	.22	Idaho	.25
Ohio	.22	Pennsylvania	.259
North Carolina	.226	Nebraska	.264
Delaware	.23	Montana	.27
Washington	.23	Rhode Island	.28
<b>MARYLAND</b>	<b>.235</b>	Connecticut	.39
Nevada	.24		

**TABLE 25**  
**MOTOR VEHICLE SALES AND EXCISE TAXES**  
**PAID AT TIME OF SALES OR TITLING**  
**47 STATES AND D.C.**

<b>DISTRICT OF COLUMBIA:</b> <b>6% of fair market value - 3,499 pounds or less</b> <b>7% of fair market value - 3,500 pounds or more</b>			
Montana	1.5%	<b>MARYLAND</b>	<b>5.0%</b>
Alabama (.125-2.5%)	2.75%	Massachusetts	5.0%
Delaware	2.75%	Nebraska	5.0%
Colorado (.6%-5%)	3.0%	North Dakota	5.0%
North Carolina <sup>1/</sup>	3.0%	Ohio (0%-3%)	5.0%
Mississippi	3.0%	South Carolina <sup>2/</sup>	5.0%
New Mexico	3.0%	Vermont	5.0%
South Dakota	3.0%	West Virginia	5.0%
<b>VIRGINIA</b>	<b>3.0%</b>	Wisconsin (.5%)	5.0%
Wyoming (1%)	3.0%	California (1.25%-3.0%)	5.5%
Oklahoma	3.25%	Connecticut	6.0%
Georgia (3%)	4.0%	Florida	6.0%
Hawaii	4.0%	Kentucky	6.0%
Louisiana (1%-5%)	4.0%	Maine	6.0%
New York (2%-4.5%)	4.0%	Michigan	6.0%
Missouri (.375-3%)	4.225%	New Jersey	6.0%
Arkansas (1%)	4.625%	Pennsylvania	6.0%
Utah (1.0%-1.25%)	4.875%	Tennessee (2.75%) <sup>3/</sup>	6.0%
Kansas (0%-2%)	4.9%	Illinois (.25%-1%)	6.25%
Arizona (1.0%-3%)	5.0%	Texas	6.25%
Idaho	5.0%	Minnesota	6.5%
Indiana	5.0%	Nevada	6.5%
Iowa	5.0%	Rhode Island	7.0%
		Washington (.5%-2.1%)	8.7%

<b>NO TAX</b> <b>3 STATES</b>	
Alaska	
New Hampshire	
Oregon	

<sup>1/</sup> Maximum of \$1,500.00

<sup>2/</sup> Maximum of \$300.00

<sup>3/</sup> Maximum of \$44.00 (2.75% on 1<sup>st</sup> \$1,600)

**TABLE 26**

**STATE MOTOR VEHICLE REGISTRATION FEES**

**Automobile Costing \$7,900, Bought New and Weighing 3,522 Pounds  
(4-Door, 6-Passenger, 8-Cylinder)**

**DISTRICT OF COLUMBIA: \$ 88.00**

<b>LOWER THAN THE DISTRICT 46 STATES</b>			
Arizona	\$ 8.00	Colorado	\$ 28.88
Louisiana	10.00	California	29.00
Kentucky	11.50	New York	30.00
Indiana	12.00	South Dakota	30.00
South Carolina	12.00	West Virginia	30.00
Utah	14.50	New Hampshire	31.20
Mississippi	15.00	Florida	32.50
Oregon	15.00	Nevada	33.00
Wyoming	15.00	Alaska	35.00
Nebraska	17.50	Connecticut	35.00
Montana	18.25	<b>MARYLAND</b>	<b>35.00</b>
Delaware	20.00	Pennsylvania	36.00
Georgia	20.00	Missouri	39.00
Hawaii	20.00	Idaho	40.73
North Carolina	20.00	New Mexico	42.00
Tennessee	20.50	Vermont	42.00
Ohio	21.50	Wisconsin	45.00
Alabama	23.00	Illinois	48.00
Maine	23.00	Massachusetts	50.00
Arkansas	25.00	Texas	58.80
Kansas	25.00	Rhode Island	60.00
<b>VIRGINIA</b>	<b>26.50</b>	North Dakota	70.00
Washington	27.85	New Jersey	87.00

<b>HIGHER THAN THE DISTRICT 3 STATES</b>			
Iowa	\$ 93.40	Minnesota	\$108.75
		Oklahoma	119.00

<b>OTHER BASIS</b>			
Michigan			

TABLE 27

STATE REAL ESTATE DEED RECORDATION AND TRANSFER TAX RATES

(Per \$500 of Consideration)

DISTRICT OF COLUMBIA: \$ 11.00

LOWER THAN THE DISTRICT 36 STATES			
Colorado	\$ .05	Wisconsin	\$ 1.50
Alabama	.50	Arkansas	1.65
Georgia	.50	Minnesota	1.65
Hawaii	.50	New Jersey <sup>2/</sup>	1.75
Illinois	.50	Tennessee	1.85
Ohio (\$1.50)	.50	Arizona	2.00
South Dakota	.50	New York	2.00
Nevada	.65 <sup>1/</sup>	Massachusetts	2.28
Oklahoma	.75	<b>MARYLAND (\$ 12.50) <sup>3/</sup></b>	<b>2.50</b>
Iowa	.80	Connecticut	3.05
Nebraska	.875	Florida	3.50
North Carolina	1.00	Kentucky	3.50
<b>VIRGINIA</b>	<b>1.00</b>	Michigan (.75%)	3.75
Maine	1.10	Pennsylvania (\$5.00)	5.00
West Virginia (\$1.10)	1.10	New Hampshire	5.25
Kansas	1.30	Vermont	6.25
South Carolina	1.30	Washington	6.40
Rhode Island	1.40	Delaware (\$5.00)	10.00

NO TAX 14 STATES			
Alaska		Montana	
California (\$ .55)		New Mexico	
Idaho		North Dakota	
Indiana		Oregon	
Louisiana		Texas	
Mississippi		Utah	
Missouri		Wyoming	

NOTE: Maximum local rate in parentheses.

<sup>1/</sup> In county whose population is 400,000 or more, \$1.25.

<sup>2/</sup> Additional \$0.75 for each \$500 of consideration over \$150,000.

<sup>3/</sup> State transfer tax rate only. State recordation tax is only collected in certain instances and is not reflected in this number.

**TABLE 28**  
**TYPES OF STATE INHERITANCE AND ESTATE TAXES**

<b>INHERITANCE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT</b> <b>17 STATES</b>			
Connecticut Delaware Idaho Indiana Iowa		Montana Nebraska New Hampshire New Jersey North Carolina	
Kansas Kentucky Louisiana <b>MARYLAND</b>		Pennsylvania South Dakota Tennessee	

<b>ESTATE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT</b> <b>9 STATES</b>			
Alaska Illinois Massachusetts Mississippi		New York Ohio Oklahoma Rhode Island West Virginia	

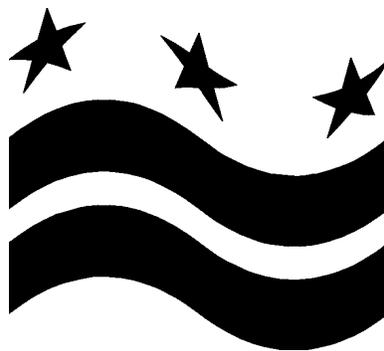
<b>ABSORB FEDERAL CREDIT</b> <b>24 STATES AND D.C.</b>			
Alabama Arizona Arkansas California Colorado		Nevada New Mexico North Dakota Oregon South Carolina	
<b>District of Columbia</b> Hawaii Florida Georgia Maine		Texas Utah Vermont <b>VIRGINIA</b> Washington	
Minnesota Michigan Missouri		Wisconsin Wyoming	

**OFFICE LOCATIONS AND TELEPHONE NUMBERS**

Office of Tax and Revenue  
 441 Fourth Street, N.W.  
 Washington, DC 20001

**Office hours: Monday through Friday, 8:15 a.m. - 4:45 p.m.**

	<u>Suite</u>	<u>Telephone</u> Area Code 202
<b>Office of the Director</b> Natwar M. Gandhi, Deputy Chief Financial Officer	400	727-6083
<b>Customer Service Administration</b>	500	727-4829
<b>Tax and Economic Policy Administration</b>	400	727-6083
<b>Real Property Tax Administration</b>	450	727-6447
Valuation and Assessment Information	450	727-6460
Tax records and Billing Information	450	727-6441
Delinquent Tax Sale Information	450	727-0151
Tax Deferral Program	450	727-6410
Homestead Exemption Forms	480	727-6441
Property Tax Credit Information	450	727-6441
Ownership Information	450	727-6438
Appeal Forms and Filing Information	430	727-6860
Recorder of Deeds	515 D St., NW Room 202	727-5374
<b>Compliance Operations</b>	570	727-6019
Income Tax Information	550	727-6104
Business Tax Information and Registration	550	727-6130
Inheritance and Estate Information	570	727-6070
Audit Information	570	727-6070
Collection and Delinquent Bill Information	500	727-6200
Tax Forms	570	727-6170
<b>Data Systems Administration</b>	420	727-6017
<b>Integrated Tax System</b>	450	727-2374
<b>Returns Processing Administration</b>	810	727-6128



**Prepared By:**

**Government of The District of Columbia**  
Office of Tax and Revenue  
Tax and Economic Policy Administration  
941 North Capitol Street, N.E.  
Suite 860  
Washington, D.C. 20002  
(202) 442-6420

---

*Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*

Page 57

---

*Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*

Page 57

{PAGE|i}

{PAGE|ii}

---

*Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*

Page 57

{PAGE|iii}

---

*Why Do Tax Burdens Differ From One City To Another?*

---

Page 57

{PAGE|vi}

---

*Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*

Page 58

Error! Style not defined. - Error! Style not defined.: ***Error! Style not defined.***

---

Error! Style not defined.: ***Error! Style not defined.***

---

---

*Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*

Page 58

**Part II:** *A Comparison of Selected Tax Rates In The District of Columbia With Those In The 50 States*

---

---

*Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*

Page 58